

Industry shuts Aldermaston plutonium plant indefinitely

At the Atomic Weapons Research Establishment at Aldermaston where plutonium is produced, the Ministry of Defence said last night that the plant will be closed until the several hundred workers involved can be assured that they are not affected by contamination. The plant will be closed for several months. The closure began last week when 12 workers had to be evacuated.

Opening depends on health checks

The Ministry of Defence said last night that it was unlikely that the plant will be reopened until the health of the workers is assured. The plant will be closed until the several hundred workers involved can be assured that they are not affected by contamination. The plant will be closed for several months. The closure began last week when 12 workers had to be evacuated.

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ward Pochin: Inquiry has started.



Waving to his followers, the leader of the guerrillas boards the Panama plane.

Siege gunmen fly out of Nicaragua

Managua, Aug 24.—The Nicaraguan guerrillas who had occupied the National Palace since Tuesday and held host-ages, fled the city today in two aircraft provided by the Government of President Somoza together with 83 political prisoners whose release they had demanded. They were given a hero's send-off from thousands of their supporters at Managua airport and on arrival in Panama City immediately sought political asylum. They said they wanted to stay close to Nicaragua to continue the battle against the Somoza regime.

Little hope for crew in sunken ship

Le Havre, Aug 24.—Divers tonight recovered the body of one of four British seamen trapped in the coaster Mary Weston which sank in the Seine near Rouen after colliding with a Japanese freighter. Virtually no hope was held out of saving the other three or of finding the captain, thrown into the sea by the impact.

The rescuers cut open the hull of the 850-ton ship with a blowtorch and found the dead men wedged among the engines. By that time the trapped men had been underwater for 11 hours.

Car bomb found at BAOR headquarters

A car bomb was found near the Naafi building at Rhine Army headquarters, Rheindahlen Camp, West Germany, last night. Service families were evacuated from the area.

The bomb was found in the boot of a German hire car and it was being investigated by British military and German civil police late last night.

Garage staff flee poison gas cloud

Police and ambulance units drove through council estates in the West Midlands yesterday to warn families of a poison gas cloud. Emergency services were alerted when staff at a Brierley Hill service station fled after seeing the cloud drifting towards them from the British Steel works at Cookley. Sixteen people received hospital treatment.

Mr Thorpe's next day in court put back

By Stewart Tindler
Crime Reporter
A new date was set yesterday for possible commitment proceedings against Mr Jeremy Thorpe, former leader of the Liberal Party, and three other men, who face a charge of conspiracy to murder Mr Norman Scott.

When Mr Thorpe, Liberal MP for Devon, North, and the other defendants, Mr David Holmes, Mr John Le Mesurier, and Mr George Deakin, appeared at West Somerset Magistrates' Court, Minehead, on August 5, the magistrates agreed that the next court appearance should be on September 12. Yesterday Somerset police announced that the date had been changed to October 9.

No reason was given for the change, at a time when police inquiries are still continuing, but it does make it easier for Mr Thorpe to attend the Liberal Party conference at the Southport between September 11 and 16. Mr Thorpe is the party's spokesman on foreign affairs and has a part to play at the conference.

Chief Supt Michael Challes, who has led the investigation, said: "With the agreement of the various parties, the magistrates have decided they cannot proceed on September 12." Political observers were speculating last night on the proximity of the new date to a possible general election and the effect of renewed publicity on Liberal fortunes.

Cambodian army 'disintegrating'

From Neil Kelly
Bangkok, Aug 24
Cambodia's army is exhausted and has suffered such losses in its border war with Vietnam that Western intelligence sources here believe it is disintegrating.

This view is confirmed by Cambodian refugees who have recently arrived in Thailand and report having seen wandering bands of soldiers on the run from their units.

The refugees also claim that there is growing resistance to the communist Government in Phnom Penh and that western areas of the country are suffering another wave of repression.

Western intelligence sources believe that Khmer resistance forces are being reorganised in Vietnam, now control the entire Parrot's Beak salient and another wide border corridor running to the extreme north-east of Cambodia, where two important airfields are located at Lomphat and Sen Monorom.

Changes in working of terrorist Acts urged

By Stewart Tindler
Crime Reporter
The prevention of terrorism legislation requires the necessary sacrifice of some civil liberties and must remain until the terrorist threat is removed. Home Office review of the 1974 and 1976 Acts, published yesterday, says.

But Lord Shackleton, the author of the review, adds that the Acts, which have to be renewed by Parliament periodically, should not be allowed to become permanent. He also recommends some changes in the working of the Acts and that the section making it an offence to withhold information about acts of terrorism should be allowed to lapse.

Those provisions are not likely to satisfy many critics of the Acts within the civil liberties groups because they argue that the legislation, under which a suspect can be detained for up to seven days without charge and can be excluded from Britain by executive order, has been abused.

They also argue that the small number of prosecutions arising from many denials shows that the Acts are ineffective and used too much. Lord Shackleton says that that is to ignore the object of the Acts, which is to prevent terrorism.

He recommends that better statistics on the working of the Acts should be produced, suggesting that a quarterly report might be published.

On matters of detail, he finds no grounds for proscribing any further organisation under the Acts. The only one banned now is the IRA, and he does not accept any spurious search for impartiality in "condemnation" by adding a "loyalist" group.

On the question of the use of exclusion orders, Lord Shackleton examines the criticism that suspects are not told the reason for their exclusion. He says: "There is no point in this, as the denial of such information is part of the cost of dealing with terrorism."

The potential dangers of disclosing sensitive information cannot be disregarded, he adds. They included threats and even deaths, and damage to the flow of information.

None the less there was a need for a general review of exclusion cases, which sometimes have caused suffering and hardship to relatives.

The general question of the use of exclusion, he finds that the police are right in saying that the use of the power has made an important contribution to the prevention of terrorism.

On powers of detention, Lord Shackleton concludes that the seven days allowed by the Acts "are regrettably necessary. Although suspected terrorists can sometimes be dealt with under other powers, I am satisfied that there are circumstances when the normal powers are quite inadequate."

AUEW tells striking toolmakers to go back or face expulsion

By Clifford Webb
The Amalgamated Union of Engineering Workers, Britain's second biggest union, took unprecedented action last night to discipline a group of unofficial strikers. It ordered 32 toolmakers on strike for the past fortnight at SU Fuel Systems, the BL Cars carburettor subsidiary, to return to work on Monday or be expelled from the union.

The ultimatum was issued after a meeting of the union's Birmingham east district committee, which was attended by Mr Terence Duffy, the national president-elect. The 32 strikers had been ordered to appear before the committee by the national executive, but only one did so and escaped the expulsion threat.

After the meeting telegrams were sent to the remaining 31 telling them of the decision. Mr Duffy said it was one of the most courageous decisions ever taken by a district committee and could lead to similar strong action by other union committees. He pointed out that 11 of the 25 members of the Birmingham committee were toolmakers and well aware of the dire consequences of expulsion.

It was the first time in his experience that the engineering union had threatened to expel a group of unofficial strikers. But the alternative, that nothing should be done, posed a threat to the jobs of 250,000 workers.

As most toolrooms, and all those at BL Cars, are AUEW closed shops the SU men will find it hard to obtain new employment without union cards. The expulsion will have to be endorsed by the union's national executive, but Mr Duffy said he had every reason to believe that it would be the district committee. The union had five occasions and had flouted union authority.

Because of the seriousness of the proposed action, he thought an emergency meeting of the

executive would be called as soon as possible after the expiry of Monday's deadline. The union's strict line with the SU as a final warning to the 3,000 BL "rebel" toolmakers who are threatening to strike in a fortnight's time in support of their two-year campaign for separate negotiating rights and parity of payment for men doing the same work in all 34 BL Cars plants.

The rebels, led by Mr Roy Fraser, a Cowley shop steward, have repeatedly defied union leaders and broken union rules by giving financial assistance to the SU strikers.

According to the SU men, Mr Fraser's rebels have threatened to call an all-out strike if the union attempt to expel them. That might lead to a repetition of the disastrous month-long stoppage in March-April last year which cost BL £180m worth of cars and made 46,000 workers idle.

Last night Mr George Regan, leader of the SU strikers, said: "The expulsion threat makes no difference to our determination to stay out. We knew the consequences when we started this action. Nothing has changed. I only hope the union realizes what it is letting itself in for."

Shutouts averted: The threat of a national shutdown within the group was averted yesterday when strikers at the company's main radiator factory in Llanelli, Dyfed, voted to return to work immediately (the Press Association reports). The hundred striking production workers decided to end their eight-day dispute over pay parity with craftsmen.

At Leyland's plant at Bathgate, Lothian, officials of the engineering union decided last night to make a direct appeal tomorrow to 1,500 striking machine operators to return to work. But rebel shop stewards leading the three-week stoppage at the bus and truck plant were confident that the appeal would fail.

Ford claim challenges incomes policy

By Christopher Thomas
Labour Reporter
The Government's 5 per cent pay policy was challenged for the first time yesterday despite the determination of union leaders to present a united front with Labour in the approach to an election.

Leaders of 57,000 hourly-paid workers of the Ford Motor Company presented a claim far exceeding the Cabinet's limit, and the signs are that Ford recognizes that it will not be able to make a 5 per cent agreement.

Ford showed last year that it is too powerful to be intimidated by government threats, and conceded an agreement that the determination of union leaders to present a united front with Labour in the approach to an election.

pay policy being flouted by the 16 Ford unions. Nevertheless, if Labour is returned the chances of the new limit surviving in the private sector are thin.

Ford unions are encouraged by the fact that the company is the most successful motor company in Britain, with after-tax profits last year of £116m, compared with £59m the year before. It has important investment plans for the next four years, and the atmosphere is right for a militant union stand.

The basic minimum rate is £62.40 a week, but most workers are paid between £68 and £70 plus overtime and shift payments. The unions want a £20 rise in basic rates. The workers are again raising the question of what happens when they are laid off because of an internal dispute in which they are not directly involved. At present they are paid only if the dispute is not in the same factory.

The settlement is due on October 21, so if there is an autumn election the Government should escape the pre-election embarrassment of its

any sort of official post in areas formerly under the control of Marshal Lon Nol, the last President before the communists won control.

Others to be listed were all those who had any education or training in Thailand or Vietnam. Mr Tuay Mien admits he listed 700 families as suspicious.

Soon afterwards he himself was arrested but managed to escape and reach Thailand. He has so bad a reputation for dispensing cruel punishments that the Thai authorities have put him in prison to protect him from the revenge of other refugees.

Most of the new wave of refugees are men because they say they had no time to collect their families before leaving. Among those who have entered Thailand in the past month were 400 youths from a hard labour battalion.

The Thais have no space in refugee camps for the new arrivals, so they are shoving their heads to make identification easier. They treat many of the refugees, especially former members of the Khmer Rouge army, with open suspicion as they believe some of them have been "planted" by the communists to spy on other refugees and on the border situation.

More refugees, page 5

Leader page 11
Letters: On aid funds for guerrilla groups, from the Rev George Austin; on confronting terrorism, from Mrs Patricia Vincent, and others.
Leading articles: Unemployment and the parties; Terrorism: In the cold at Catwilde.
Features, pages 5 and 10
A. L. Rowse makes a humorous case for Cornwall's independence.
Arts, page 12
David Robinson on new films in London and Edinburgh; Joan Bakewell on the Great Expectations (ATV); Paul Griffiths and Irving Wardle at the Edinburgh Festival.
Obituary, page 10
Dame Kathleen Kenyon; Professor H. J. Dyer; Mr Peter England.
Sport, pages 8 and 9
Cricket: Essex hit back against Kent; Golf: Fine start for Hubert Green.
Business News, pages 13-17
Stock markets: Equities fell back sharply and the FT Ordinary share index tumbled 9.9 to 508.3.
Financial Editor: Volume growth to come at Blue Circle; Allied Breweries/Lyons: The question of compromise.
Business features: Christopher Wilkins examines the changing role of the institutional investor.

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T/A/21/78

SEAS

Palestinian breakaway faction ruled by Algerian envoy alt vicious feud with PLO

Stephen Walker
The breakaway faction has been called in the past the PLO's "left wing" and has caused a number of violent incidents in the past.

of intensive media-Algerian Ambassador, the group of guerrillas led by Abu Nidal moved to Baghdad, against the more moderate Liberation (PLO), "provided it agrees to do the agreement were press conference in here Abu Nidal's group has its head-quarters in Beirut. In turn order his to halt the recent gun and grenade fired at targets in Beirut.

Understood that the negotiations to bring a bloody feud have been by Mr. Muhammad, the Algerian Ambassador. He returned

to his embassy here earlier this week after separate negotiations with Mr. Arafat, Abu Nidal and senior members of the Iraqi Government. The feud between the two groups was the bitterest and most violent of the many disagreements that have split the Palestinian movement in recent months. It quickly gathered momentum after the murder in January of Mr. Said Hammami, the London representative of the PLO, which was carried out on the direct orders of the PLO. Abu Nidal (whose real name is Sabab) is a former commander in the PLO's main Palestinian guerrilla unit which was founded by Mr. Arafat. After a serious disagreement between the two men, Abu Nidal moved to Baghdad, where he founded a rival group called "Fatah, the Revolutionary Council", which has worked closely with the Iraqi Government.

In addition to the killing of Mr. Hammami, one of the PLO's most influential moderates, the feud has led to other violent attacks abroad that have damaged the Palestinian cause.

These have included the assassination of PLO representatives in Kuwait and Paris, a grenade attack on the car of the Iraqi Ambassador in London, a shootout at the Iraqi Embassy in Paris and an attack on the PLO offices in Islamabad in which four Palestinians were killed. The Iraqi consulate in Karachi was also attacked. Leaders of the numerous Palestinian factions are striving for unity after the vendetta. This week, both Abu Nidal and two of the more radical "rejectionist" groups that oppose any accommodation with Israel have put forward unity plans. Although differences remain between the Palestinian factions, particularly on the key question of an agreed settlement with Israel, observers in Beirut are now confident that fighting between the various groups has been at least temporarily halted. Helping the mediation process has been the widespread belief that the Middle East could be facing renewed violence if the Israeli, Egyptian and American leaders fail to reach agreement at the Camp David summit meeting early next month.

Comeback for man Mr Nixon dismissed

From Michael Leeman
New York, Aug 24
Things are at last looking up for Mr. Walter Hickel, whose political career foundered in 1974 when he fell out with President Nixon. He became fashionable to do so. He is on the way to defeating Mr. Jay Hammond, the Governor of Alaska, in the Republican primary election for that post, which Mr. Hickel held before Mr. Nixon appointed him Secretary of the Interior. With only a few votes to be counted, Mr. Hickel was leading Mr. Hammond by 500 and was assumed to be the winner. It was a satisfying revenge for Mr. Hickel, whose previous attempt at a comeback failed when Mr. Hammond beat him in the primary four years ago. Mr. Hickel, who was 58 last week, made headlines in 1970 when he became the first Cabinet member to be dismissed by a President since 1946. He was dismissed by Mr. Nixon for writing and publicizing a letter to the President urging him to change his style of government. He recommended that Mr. Nixon should listen more to his Cabinet colleagues, pay heed to anti-war protesters and silence Mr. Spiro Agnew, the Vice-President, famous for his verbal jousting of liberals. It was, in retrospect, the first public hint of a rift between the two men. Mr. Nixon's approach which was to result in the disgrace of Watergate.

Mr. Nixon's instant dismissal of Mr. Hickel was further evidence of those very flaws. Yet it is essential to the Chief Justice will be entrusted with support for big business interests against the environmentalists in disputes. Four years ago Alaskans were concerned about the possible oil pipeline through the state caused by the oil pipeline and similar developments. Today, they are more worried about unemployment. Specifically, Mr. Hickel is strongly opposed to a federal plan to set aside one-third of Alaska as protected wilderness. Mr. Hickel went to Alaska as a penitence 20 years-old carpenter. In less than ten years he had amassed a fortune as a builder and developer. He owns a large house, a number of apartment buildings and shopping centres. He was Governor of Alaska from 1966 until he resigned to become Secretary of the Interior in 1969.

nese ists die rushed

Aug 24.—Gunmen out of right-wing outfits at dawn in Beirut, Lebanon, in a war which has seen a revival of a feud between rival forces said at least 10 were killed and 10 in a dawn ambush. The bodies of the slain were found in a car near the Beirut airport. The bodies of the slain were found in a car near the Beirut airport. The bodies of the slain were found in a car near the Beirut airport.

Indian Premier gives way on corruption investigation

From Our Own Correspondent
Delhi, Aug 24
Mr. Desai, the Indian Prime Minister, today made a further concession to Opposition demands that he should allow an investigation into the corruption allegations against his 52-year-old son, Kanti, by agreeing that the Chief Justice should examine any specific allegations submitted to him. However, Mr. Desai made the proviso that before Mr. Justice V. V. Chandrachud looks into any allegations they must be made in writing by a member of Parliament and must relate to the period since March, 1977, when the Janata Government took office. The Prime Minister, facing a combined Congress attack in the Rajya Sabha (upper house), where the Government does not have a majority, declined to act on the Opposition resolution approved a fortnight ago which required the Government to take the advice of a 15-man parliamentary group on the necessary follow-up action on the corruption allegations. Such a resolution had no

mandatory power, Mr. Desai said, reading from a statement which encountered rising Opposition objections and cries of "shame". He said the resolution contained no specific allegations of corruption. It is essential to the Chief Justice will be entrusted with support for big business interests against the environmentalists in disputes. Four years ago Alaskans were concerned about the possible oil pipeline through the state caused by the oil pipeline and similar developments. Today, they are more worried about unemployment. Specifically, Mr. Hickel is strongly opposed to a federal plan to set aside one-third of Alaska as protected wilderness. Mr. Hickel went to Alaska as a penitence 20 years-old carpenter. In less than ten years he had amassed a fortune as a builder and developer. He owns a large house, a number of apartment buildings and shopping centres. He was Governor of Alaska from 1966 until he resigned to become Secretary of the Interior in 1969.

rains for 80 years underline need for flood protection measures a planning to control monsoon havoc

rd Wigg
24
Large vast areas of north-eastern India by the flood waters of the Ganges and other rivers by the monsoon rains, cattle, crops and whole villages are by the floods. More than 2,000 (€140m) annually, however, there are those who have been in for investment in water management, to temper the eleventh food production getting the upper hand, after the Army or as been called in to the most difficult rationing, the chief of the affected states to large sums for the central Government distributed them a short term, if not critical, criteria, and one in authority has, under the impact monsoon rains in

Delhi, the worst for 80 years, the Janata Government has let it be known that experts at the Irrigation Ministry are drawing up a long-term plan to control the flooding which would cost about 7,000m rupees over the next five years. This would be 500m rupees more than the total amount spent in 30 years on flood protection. Irrigation experts say it will take many years to combat the flood problem, even if there is now real political will to go ahead and implement a long-term strategy. Since this is, or ought to be, a national priority, some people are wondering why India should not dip into its more than \$6,000m (£3,000m) reserves (which represent wealth held abroad) or launch a special tax levy for the programme. Organization like the Central Flood Control Board or the National Flood Commission have clearly not been backed by sufficient means or drive by previous governments. The spectacle of thousands of ordinary soldiers anxiously being put to sandbag river embankments when the rivers are already rushing down the Indo-Gangetic plain symbolizes one of the basic failures—the absence of afforestation schemes or measures to combat soil erosion in the catchment areas of the Himalayan region. Private timber interests have almost always triumphed with state governments. Every year the President or some other high figure flies over the waterlogged regions in a helicopter. Mr. Chandra Shekhar, the Janata Party president, did it last week. He was in Bihar, the worst hit this year. He came back with the warning that the village where Mr. Jayaprakash Narayan, the veteran Gandhian leader, was born risked being swept out of existence. More substantially, he called on the two adjacent northern states of Bihar and Uttar Pradesh and neighbouring Nepal to cooperate on joint flood control schemes, which they have not done to date. In Uttar Pradesh, the most populous state, criticism in the state assembly of flood relief measures cut across party lines.

The Chief Minister, who has asked for no less than 1,200m rupees subsidy from Delhi, was told that half the state's own relief funds had still not been spent. It is an annual occurrence, the extent of the human misery still tolerated today is staggering. In West Bengal this year about 100,000 persons have been uprooted by the floods; in Uttar Pradesh more than 200,000 in 13 of the 56 districts of the state have been washed out; a million people there have been inoculated and 120,000 wells disinfected. But at Kathiwar on the Bihar West Bengal border there have been already 10 deaths, unofficially reported from cholera. The national death toll since the monsoon rains began in late June is estimated this year to be at least 600, with more than 300 of these in Uttar Pradesh alone. Not everyone suffers, however, for on islands which have been spared the monsoon, the rich have been working over time distilling their brews, conscious no police will disturb them.

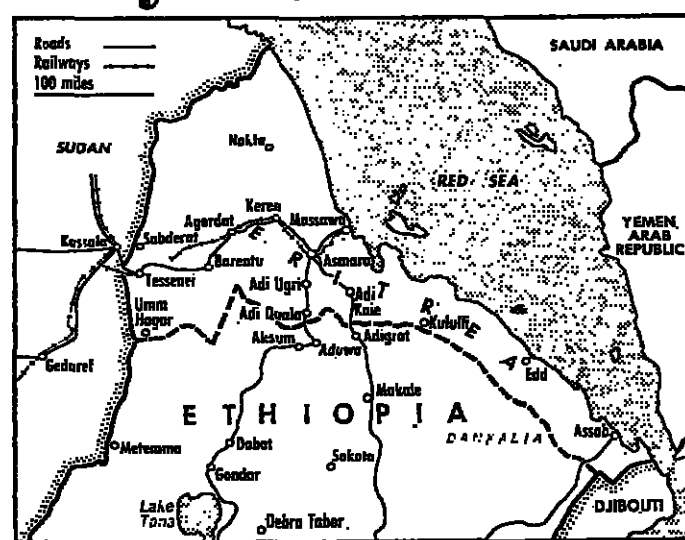
Mr Nixon dismissed

From Michael Leeman
New York, Aug 24
Things are at last looking up for Mr. Walter Hickel, whose political career foundered in 1974 when he fell out with President Nixon. He became fashionable to do so. He is on the way to defeating Mr. Jay Hammond, the Governor of Alaska, in the Republican primary election for that post, which Mr. Hickel held before Mr. Nixon appointed him Secretary of the Interior. With only a few votes to be counted, Mr. Hickel was leading Mr. Hammond by 500 and was assumed to be the winner. It was a satisfying revenge for Mr. Hickel, whose previous attempt at a comeback failed when Mr. Hammond beat him in the primary four years ago. Mr. Hickel, who was 58 last week, made headlines in 1970 when he became the first Cabinet member to be dismissed by a President since 1946. He was dismissed by Mr. Nixon for writing and publicizing a letter to the President urging him to change his style of government. He recommended that Mr. Nixon should listen more to his Cabinet colleagues, pay heed to anti-war protesters and silence Mr. Spiro Agnew, the Vice-President, famous for his verbal jousting of liberals. It was, in retrospect, the first public hint of a rift between the two men. Mr. Nixon's approach which was to result in the disgrace of Watergate.

Foreign Report

War in Eritrea

Saudis may have backed a loser



The war by proxy between the United States and the Soviet Union in Africa has spread to the Horn and the Eritrean guerrilla movement has become the victim of the struggle for allies and clients. Washington's policy of non-involvement, based on the belief that the Russians will burn their fingers in Ethiopia, is beginning to change with the supply of American arms to Somalia and the increasing intervention of the United States' allies, Saudi Arabia and Iran, in the Eritrean armed struggle. Iranian and Saudi moves are aimed not simply at countering Soviet and Cuban support for the Mengistu regime in Addis Ababa but also at countering the increasingly powerful position of the radical Eritrean People's Liberation Front (EPLF), which controls most of the 1,000-kilometre Eritrean Red Sea coast. With a strong Soviet position in Ethiopia, and South Yemen now more firmly in the Soviet orbit, the Saudis have added an Eritrean client to what is an emerging pro-Western, anti-communist alignment in north-east Africa. Eritrea had been the missing link in a chain which included Somalia, Djibouti, Sultan Ali Mirrah, traditional chief of the Afar tribe which stretches across Djibouti, Ethiopia and the south-eastern tip of Eritrea, Sudan and Egypt. The Saudis' man in Eritrea is Osman Salih Sabbe, former head of the EPLF's Foreign Mission until he was expelled in 1975 by the field commanders. Since then he has been making a concerted effort to gain a position in Eritrea, and it was only last year that he was able to do so, as a consequence of tensions between the EPLF and the Eritrean Liberation Front (ELF).

The emergence of the EPLF as the stronger of the two guerrilla fronts, with the capture of the big towns during 1977, saw a corresponding weakening of the rival ELF. This year the Saudis pushed the ELF leadership to unite with Sabbe, rich in finance and adept at gaining publicity but with limited military support. The union gave Sabbe his chance to establish a presence inside Eritrea. His EPLF force of about 1,000 fighters participated in the capture of Agordat and, prior to Eritrean withdrawal, took control of the Government quarter of the town. Yet, rather than strengthening the ELF, unity with the Saudis had the opposite effect. In August, 1977, 1,200 ELF fighters deserted to the EPLF and about 1,000 fled to Khartoum after a bloody internal struggle between those who supported and those who opposed unity with Sabbe. The ELF leadership, increasingly disorganized, annulled its agreement with Sabbe and began uniting talks with the EPLF. A preliminary agreement was signed between the two fronts in October, 1977, and a more detailed one in March this year. Sabbe, in spite of pressure from Arab states, was left out in the cold and Saudi Arabia faced the prospect of a unified Eritrean liberation movement radicalized by the dominant position that the stronger EPLF would have. Ethiopia claims that the Eritrean movements are "secessionists" backed by the forces of Arab reaction. However, in the period prior to the present Eritrean offensive, Saudi Arabia was hindering the fighting capability of the most powerful of the guerrilla groups. Although Iran is training about 100 fighters for Sabbe, it is the Saudis who are playing the key role in the Red Sea. Saudi Arabia, which gave the EPLF financial assistance last year, now supports only Sabbe. Military and medical assistance to the EPLF from Arab states and the Palestinian organizations is now no longer permitted to pass from Saudi Arabia across the Red Sea.

This is important to the EPLF for two reasons. First, it was in October last year that the last Ethiopian convoy travelled from Massawa to Asmara, the road was closed, and Asmara was under siege. Since then the EPLF has been capturing and ammunitions have been captured from the Ethiopians, who had been the biggest source of supply. Second, South Yemen, one of the earliest supporters of the EPLF, shifted into the Soviet orbit and the Eritrean policy removed the major transit point for Arab and Palestinian aid. The Saudis have also been hitting at another source of EPLF financial and political support: Eritreans working abroad. Organized EPLF supporters in Saudi Arabia have been increasingly harassed: some have been dismissed from their jobs and others have been imprisoned. Sabbe has been given 7,000 entry and residence permits, a valuable asset for recruitment among the 180,000 unemployed Eritreans in the towns and refugee camps of Sudan. Whether Saudi policy of opposing the EPLF and bolstering Sabbe's role inside Eritrea will be successful is another question. Although three members of the ELF leadership based in Dinkalla went over to Sabbe in May, it is unlikely that his group would be able to make any military headway in Eritrea with the joint oppo-

sition of the EPLF and ELF. In Kankalla, the EPLF and ELF have them in. Besides, fighters in that scorched rocky desert terrain need a political commitment based on more than a relative earning good money in Saudi Arabia and financial assistance for the family in the refugee camp. In Western Eritrea, the ELF has the leadership or the EPLF and Sabbe's group have been hit hard by the initial thrust of the Ethiopian offensive, and it seems unlikely that ELF has the leadership or the organizational ability to recover quickly from recent defeats. The flat savannah plain of the west will make it difficult for the ELF and Sabbe's forces to reorganize a return to effective guerrilla fighting. Recent reports from Eritrea suggest that Sabbe's fighters, excluded from the March unity agreement, split over the issue of whether to participate in fighting against the Ethiopian Army with ELF and that a group of 200 joined ELF. The EPLF controls the east, which includes the heavily populated and the rugged northern Sabel province. The area is far better suited for guerrilla fighting, and their political and military organization is more efficient and better disciplined. It will be better able to withstand the Soviet and Cuban-backed offensive and to return to more mobile guerrilla tactics. The Ethiopian reoccupation of the evacuated towns will bring greater hardship to Eritrean civilians who are becoming a nation of refugees and displaced persons. Yet the return of the Ethiopian Army also brings with it arms, ammunition and other supplies, easy pickings for guerrilla attacks on convoys passing through the mountains and gorges of the Eritrean highlands. Saudi Arabia's attempt to influence events in Eritrea has gone seriously wrong. Supporting Sabbe and opposing the EPLF can only facilitate what has been its most important objective: Blocking the establishment of a pro-Soviet Ethiopia along the Red Sea.

Dr David Pool
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Janata Party crisis

Mr Desai fights to keep out Mrs Gandhi

The leaders of India's ruling Janata Party have been quarrelling, often in public, for two months, but the Government has not actually collapsed. "Where would we go back to now? We have nowhere to go if the Janata Party breaks," said Mr. Atal Behari Vajpayee, the External Affairs Minister, reportedly observed in anguished tones when we met other Janata Ministers recently to consider resigning as a way out of the prolonged crisis. Apart from love of office, it has been an even more basic instinct which has kept the party together, holding it together the determination to prevent Mrs Indira Gandhi from returning, for that would be to violate the raison d'être of the Janata coalition which swept the all-powerful Prime Minister from office in March, 1977.

The return to democracy, stimulated by Janata's crushing victory, have been dashed. The goal, still proclaimed until last spring, of forging one united party from the rival and often ideologically antagonistic constituent parties, has now been abandoned. But the crux of the infighting has not been ideological. Mr. Vajpayee, leader of the former right-wing Hindu nationalist Jana Sangh group, has not been at loggerheads with Mr. George Fernandes, the Industrial Minister, or with Mr. Jagjivan Ram, the Defence Minister. The most bitter feud has been between the two veterans, Mr. Morarji Desai, the Prime Minister, who is 82, and Mr. Charan Singh, leader of the Government's People's Party, which with 80 members forms the largest single Janata constituent group. Mr. Charan Singh has never forgotten that his votes first made Mr. Desai Prime Minister. The crisis began when Mr. Charan Singh, who was then Home Minister, suffered two heart attacks last April, provoking a kind of succession struggle behind the scenes to inherit his followers, for he was not thought likely to be able to return to active politics at the age of 72. However, he recovered with a totally unexpected vigour, making a bid for the Janata

leadership which led Mr. Desai to dismiss him. It proved a pyrrhic victory, for ever since then Mr. Charan Singh has been retreating publicly, accusing his former Cabinet colleagues and Mr. Kanti Desai, the Prime Minister's 52-year-old son, of indulging in graft and corrupt practices. When the Rajya Sabha, India's upper house where the Opposition has a majority, voted to investigate these allegations to embarrass Mr. Desai and the Government, Mr. Jagjivan Ram, the Defence Minister, who resented the fact that Mr. Charan Singh's votes had given the premiership to Mr. Desai, refused a request to speak for the Government. Mr. Desai, although he still holds the "ultimate weapon" of being able to call for mid-term elections to resolve the crisis, has had to manoeuvre to maintain the support of the anti-Charan Singh groups in the Government. He cannot afford to issue a head-on challenge, based on a calculation of his being indispensable, or fight out two fronts simultaneously. Hence

his willingness even to give Mr. Charan Singh the Janata Party presidency. Instead of a "vertical" two-party political system, which some people thought would be the lasting gain of the upheaval in March, 1977, India has apparently entered a new phase, of "horizontal" political groupings, cutting across the remnants of the former Congress Party which dominated the country for 30 years. Some Indian politicians even see the country's hitherto centralized party system yielding in the next few years to decentralized politics away from Delhi, based on the principal state capitals. Next month's meeting of the chief ministers of India's four southern states to discuss common concerns could produce a significant new development. Mr. Vajpayee's anguished cry as the leader of the Jan Sangh, which submerged its identity in the anti-Charan Singh coalition, reflects something of the search by India's politicians for new alignments in a post-Congress era.

Richard Wigg

International law

Good intentions on combating terrorism

The European Convention on the Suppression of Terrorism, which came into force this month, marks one more step in the attempt to reach some international legal agreement on terrorists. It is neither very precise, nor wholly binding. But in an area where international agreements have conspicuously failed to be made, it is the first to be made, at least an intention among 18 of the 20 members states of the Council of Europe. Only Malta and Ireland have failed to sign it. What the convention sets out to do is make it easier for people accused of "terrorist offences" to be sent back to the country where they committed them. With this it challenges a long tradition of the practice of asylum and the protection of refugees. Attempts to define the nature of terrorism and political asylum go back to the eighteenth century. But it was during the 1830s that they first emerged as a political phenomenon. The principle was soon enshrined in the laws of Switzerland, Belgium, France, Britain and the United States. Not surprisingly perhaps, all international legal agreements on extradition for a political

crime have been doomed to failure. The 1937 Convention for the Suppression of Terrorism, framed by the League of Nations after the murders of King Alexander of Yugoslavia and Dr. Dollfus, the Austrian leader, was abandoned, as was a suggestion for an international criminal court. Like most agreements on terrorism they foundered on the inability to reach an agreed definition of a "political crime". What constitutes a political terrorist act? The new European Convention solves the problem by ignoring it. It makes no attempt to define a "political offence". Article 1 merely states that certain violent crimes, such as kidnapping, hijacking, "an attack against the life, physical integrity or liberty of internationally protected persons, including diplomatic agents and use of bombs will not count as 'political' for the purposes of extradition, whatever the motive. Should the country ratifying the convention—Sweden, Austria, West Germany, Denmark and Britain have already done so—decide not to extradite, then it must prosecute the culprit under its own laws. Not all countries are entirely happy with the convention. Whatever one feels about terrorism, it is potentially a serious threat to the rights of the refugee. Article 2, which extends Article 1 to take in as non-political "a serious offence involving an act of violence", worryingly vague.

It is this clause that has alarmed liberalists, especially in France, where a pressure group called "France-Terre d'Asile" was formed to fight it. Its argument is that once the definition of an act of terrorism is agreed, it is vague that almost any act will do, then where will it end? These fears that the convention would restrict rights to grant asylum to political refugees were brought up particularly after the extradition of Herr Klaus Croissant, the Baader-Meinhof defence lawyer who was returned to West Germany from France to face trial. There is, however, an important loophole in the convention, said to have been introduced on the initiative of Britain, which does something to safeguard the honourable tradition of political asylum. Article 5 states that there is no actual obligation on the member country to extradite, particularly if it believes that the demand to do so is made in order to prosecute "on account of race, religion, nationality or political opinion" (provided it prosecutes at home). Ratification of the convention has been delayed in some countries by the fact that changes were first needed in their legal constitutions before they could be brought into line with it. Britain ratified only in July after passing its own Bill on the Suppression of Terrorism; it does not incorporate the convention as such, but it brings

the principal provisions into the corpus of existing law. In recent years there have been many attempts to frame tougher and more effective international anti-terrorist legislation. Only measures against hijackers (the Tokyo Convention 1963, the Hague Convention 1970, the Montreal Convention 1971) as well as a convention aimed at preventing kidnappings and assaults on diplomats have been at all successful. The recent resolution by the sixth committee of the United Nations General Assembly last December, stating an intent to continue its efforts to prevent international terrorism, is woolly in the extreme. An ad hoc committee on the drafting of an international convention against the taking of hostages is to report to the General Assembly this autumn. It is unlikely to produce any radical proposals. What the successive failures show is that international cooperation over terrorism is extremely hard to attain. Not one agreement has been formulated so far that avoids offending political sympathies, or encroaching on national sovereignty or civil rights. It may be that the European Convention on the Suppression of Terrorism 1977 goes just about as far as any international machinery can or should go in the legislative battle against terrorism.

Caroline Moorehead

s taint e tan out

Harris
One gets one of these rulers from a set, born in 1947, under Chinese officials who separate from the relation; who may y in their task; are mostly home- high and uncom- , but for all that do to modernize Tibet. Rinpoche found that he angered him and his flight in 1975 was impediment deriving landlord family. His 1 at the age of three carnation of a famous also have told against family had gone to face of the Chinese 1950 but he returned mastery to which he committed in infancy. was taken over in the 1959 he found him- in Lhasa's only 1900. s was due to graduate students came from to see about instruct- wards nominated from school. The team sent nashing images in s. Rinpoche has fairly noises for four years of t with the peasants to ilize his class status. to Lhasa in 1974 he became aware of the despair of the people off to rejoin members only in India and then d States.

Four injured in gas leak from Kansas missile

Wichita, Kansas, Aug 24.—A cloud of toxic gas leaked from an intercontinental missile complex near here today, forcing evacuation of a small town, an air force spokesman said. At least four people were injured when the propellant leaked from a Titan II missile base some 35 miles south-east of this city, the largest in Kansas. It escaped when a valve failed to function properly. The spokesman at Strategic Air Command headquarters, Offutt Air Force base in Omaha, Nebraska, denied there were any fatalities, but said four maintenance men had been taken to hospital for observation. An Air Force spokesman in Washington said the missile was not armed with a nuclear warhead.

The four men climbed to safety by themselves after the propellant started leaking. Although the propellant, nitrogen tetroxide, was still leaking from the missile silo, the SAC spokesman said there was no danger because 150 people in the immediate area had been evacuated. The gas decomposed very quickly and was diluted by moisture in the air, he said. He described it as a caustic gas that affected the eyes, nose, throat and lungs and was deadly in large doses. Air force disaster teams rushed to the area immediately after the leak began. The 18 Titan II missiles deployed within a 60-mile radius of Wichita normally carry the largest thermonuclear warheads of any ICBM.—Reuter.

Opposition picks general for Brazil election

Brasilia, Aug 24.—Brazil's opposition party, the Brazilian Democratic Movement (MDB), last night chose a retired general to challenge the right-wing military government in next October's presidential elections. General Euler Bentes Monteiro, aged 61, who supports the return of full democracy and an end to the military's grasp on power for the past 14 years, was overwhelmingly elected as candidate. President Emílio Góes Monteiro has already selected General José Baptista de Figueiredo, aged 60, a former intelligence chief, as the government candidate and under the present indirect voting system his choice is almost certain to be swept into office.

The correspondents said Mr. Krylov said that at the two courts they deserved to lose their press accreditation. "But guided by the interests of developing Soviet-American relations and taking into consideration the fact that you paid the fines and court costs as ordered by the court, the press department considers it possible to confine itself to a warning," they quoted him as saying.—Reuter.

Moscow closes file on slander case

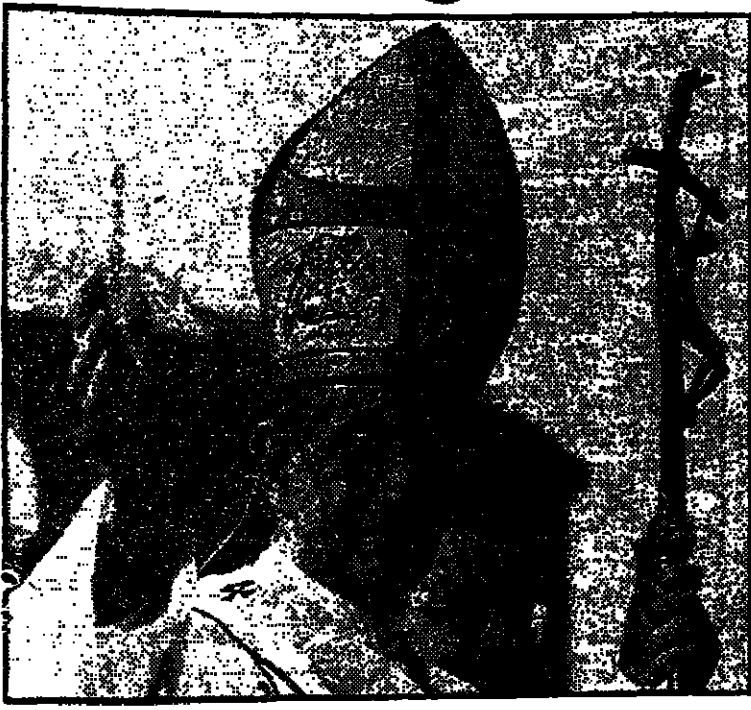
Moscow, Aug 26.—The Soviet Union today closed the slander case against two American correspondents with a warning that they could have been expelled from Moscow. Mr. Craig Whitney of The New York Times and Mr. Harold Piper of the Baltimore Sun said they were told by a Foreign Ministry official that they deserved to lose their press accreditation—tantamount to expulsion—because they had let off the interests of Soviet-American relations. Their 10-minute meeting with Mr. Lev Krylov, first deputy

head of the Foreign Ministry press department, appeared to mark the final word from Moscow in a case which began nearly two months ago with a writ filed by Soviet television. Mr. Whitney and Mr. Piper, who afterwards shook hands with Mr. Krylov, were found by a Moscow court in July to have slandered the television committee in reports suggesting that a Georgian political dissident's televised confession was a fake. They said Mr. Krylov told them they were summoned to the ministry in connexion with

their "slandorous articles" and a report from Judge Lev Almazov, who heard the case, that they had shown disrespect to the court. The correspondents said Mr. Krylov said that at the two courts they deserved to lose their press accreditation. "But guided by the interests of developing Soviet-American relations and taking into consideration the fact that you paid the fines and court costs as ordered by the court, the press department considers it possible to confine itself to a warning," they quoted him as saying.—Reuter.

Behind the spartan ritual of electing the new Pope...

The nightmare loneliness of the cardinals



The late Pope, and a typical simply furnished cell where the cardinals who will choose his successor will live.

The doors close behind them today and then the 111 electors of the next Pope, gathered from every continent, share an isolation unique in its sheer, calculated mixture of stimulating discomfort, deprivation and riches, a nightmare loneliness for the more sensitive cardinals and the feeling that here where no sun can enter through the sealed and covered windows, no breath of air is fresh, no long escape is possible from Michelangelo's fearsome genius or from the shades of the Borgias whose apartment now disdainfully contains the plastic chairs of an improvised refectory, that organized religion is about to perform its loftiest act of all, that of choosing the man to take the title of Christ's vicar on earth.

For the sake of the cardinals, one hopes for a short conclave. They will have no friends but each other because the late Pope laid down that the electors could not take secretaries or assistants with them this time in his stern effort at making this the most secret election of them all.

Paul VI's regulations for the conclave are typical of him when he was most tenacious in insisting on what should be done despite the demands of the modern world that relaxation participation, open

arrangements openly arrived at are more the order of the day. There have been formal demands from American Catholics that the whole conclave be open to public scrutiny. Instead, the late Pope increased the atmosphere of secrecy and laid down, at the close of his document, in a phrase made curious by the circumstances, that his requirements "be religiously observed".

No doubt they will be—no man and no least. This conclave is fundamentally like any other since the thirteenth century Pope Gregory the Tenth laid down that the conclave should take place in the palace in which the Pope court was housed. This does not necessarily mean the Vatican.

The greater part of those held in Rome have been in the Vatican but in the last century the Quirinal Palace, then the Pope's summer residence, was used four times and is in fact much more sensibly laid out for cardinals than the Vatican if very much less awe-inspiring. Since 1870, it has been the residence of the head of the Italian state.

Before the cardinals can unpack their suitcases tonight, they will draw lots for their rooms. The only exceptions are the infirm cardinals who may ask for a room near the Sistine

Chapel where the voting takes place.

The rooms are determinedly uncomfortable. Each cardinal will find a simple metal bed without springs which looks as if it comes from a boarding school, and this is not far wrong as the beds are all borrowed from the Vatican's Missionary College of "propaganda fide". They each have a simple bedside table with a waterjug and a basin for those a long way from the toilets (nothing so luxurious as a shower or bath is visible).

Bedside lamps are small and plastic with clips so that they can be attached to the bed or the table; the tiny shades are red, or blue or yellow. For exercise, they have nothing more than the covered loggias decorated by Bramante and Raphael, or a brisk run around Bernini's asymmetrical Ducal Hall.

Each cardinal has a writing desk with a file containing plain paper and two very cheap ballpoint pens. The stores provided amount to a bar of soap, a small and scarcely absorbent towel, a roll of toilet paper and a packet of paper handkerchiefs.

From these spartan surroundings (some of which would offer the compensation of magnificent views across St Peter's Square or some of the smaller courtyards of the Vatican itself if all windowpanes were not

obscured) the cardinals move to conduct their main business in the sumptuous Sistine Chapel. Temporary changes made for the conclave have altered its whole aspect. In order to gain space, the Vatican's engineers have raised the floor by 30 centimetres to the height of the marble benches around its edges where normally tourists sit, rubbing their tired feet. The temporary floor is of wood covered with an ochre-coloured wool carpet. The cardinals enter the chapel from the Pauline Chapel close to it where they gather before each vote and walk up a gentle ramp to the new floor level.

The effect is curiously theatrical, as if they are walking onto a stage, and this is further enhanced by the notion of Michelangelo's *Last Judgment* over the altar which gives an impression of a mighty host of life with the rigours, both celestial and infernal, of death and the life to come.

Because of numbers (there have never before been so many cardinals at a Papal election) and Paul's predilection for simplicity, the cardinals sit in plain, armless, rather uncomfortable chairs at long tables covered with two cloths, one dark burgundy colour and, on top, the same wool as was used to cover the temporary floor.

Traditionally each cardinal had an ornate chair with arms

and a canopy above him. And all of them let down their canopies after the successful ballot except the newly elected Pope as a first homage to him. This tradition now disappears.

Not the stove, though. It was some days before they could remember in the Vatican where they had put it after the last election but they found it in the end and now it stands in the far right corner of the chapel looking from the altar.

The chimney stack is held firm by tubular scaffolding which also protects the frescoes. A metal box, divided in two, is ready for the sticks of chemicals which should provide recognizably black smoke if an election does not take place and white for the new Pope.

Little "Nero" is left for error: the word "Nero" is written in black and "Bianco" in white. Signals will be sent up twice a day and will provide the only form of communication between the conclave and the public.

Three methods of voting are permitted, but the one most likely to be adopted is balloting in search of a candidate able to reach a two thirds majority plus one vote (so that the successful candidate's own vote cannot be decisive). There will be four ballots a day, and smoke signal after every two ballots.

The way in which each cardinal casts his vote is nearly enough explained by the late

Pope himself whose spirit is so evident in this conclave: "each cardinal elector, in order of precedence, having written on and folded his card, holds it up so that it can be seen and carries it to the altar, at which the scrutineers stand and upon which there is placed a receptacle, covered by a plate, for receiving the cards."

Having reached the altar, the cardinal elector kneels, prays for a short time and then rises and pronounces aloud the following form of oath: "I call to witness Christ the Lord who will be my judge, that my vote is given to the one who before God I consider should be elected."

He then places the card on the plate with which he drops it into the receptacle. Having done this, he bows to the altar and returns to his place.

If there is no election after three days, voting is suspended for a maximum of one day for prayer, discussion and "a brief spiritual exhortation" by the senior cardinal of the order of priests. Then voting is resumed. And some time soon, a tiny white figure will appear on the balcony of St Peter's to be presented to the crowds, to the sunlight, the fresh air and the world at large as the new Pope elected at a moment generally recognized as crucial for a large part of Christendom.

Peter Nichols

Elite force in the war of words

Elite, and its Frenchified siblings, *elitism* and *elitist*, have recently come rapidly down in the world. Our society is neurotically egalitarian in general principle, if not always so enthusiastic in private practice when the equality applied to us personally. *Elitism*, like bourgeois, paternalistic, academic, and fascist, has been leached of most of its descriptive content, and turned into a propagandist anathema *contra diabolum*. However, the trend in the war of words is not simply in one direction. At the same time as the depreciation of *elitism*, *differentiation* in the sense of an *elitist* difference in wages between one class of workman and another, especially between skilled and unskilled workmen, has come up in the world. Groups as diverse as university teachers and miners complain about the erosion of their *differentials*, and campaign to have them restored. In other words they want to be *elites* (though they might not care to be so counted, because of the new emotionally negative overtones of the word). *Anti-elitists* protest that all men are equal. If they go on to claim *differentiation*, they are declaring that some are more equal than others.

Elite, in its modern sense of the choice part or flower of society, or any body or class of persons, crossed the Channel into English early in the nineteenth century. Byron indicated its recent arrival by quarantining it within inverted commas in *Don Juan*.

"With other Countesses of Blank—'but rank' At once the 'lie' and the 'elite' of crowds."

The same word, *elite*, but without the acute accent, and pronounced in an Anglo-Saxon way, has been in the language for at least six centuries, and is now obsolete. It came directly from Old French, and was used, as a verb, to mean to choose or elect to office; as a noun, to mean an election. We might as well give up the accent, which is a nuisance, now that the word is thoroughly at home again in English. However, it will be many years before it loses the whiff of Gaulois and garlic in its pronunciation. *Elite* type is a standard size for letters used in typesetting, measuring horizontally 12 letters to the inch.

Elitism, as a philosophy or policy, has been widely adopted

in modern political and sociological jargon to mean advocacy of or reliance on the leadership and dominance of an elite in a society, or in any body or class of persons. Plato, in *The Republic*, is still the most brilliant propagandist for an *elitist* government: a closed society. Such totalitarian systems of government, as communism and fascism *practise* *elitism* by the dictatorship of the party. Lenin had the fundamentally undemocratic conception of a narrow communist Party consisting of an *elite*, whose more highly developed class consciousness enables it to see farther than those among whom it works. Not unreasonably, those left in the cold outside such *elites* are envious and resentful, and feel that they too should be allowed a say in their government.

Not all of us are capable of being opera singers, or actors, or international gymnasts, or nuclear physicists. It is absurd and lunatic not to be *elitist* in picking people for such demanding professions. Lord Todd, President of the Royal Society, said the other day: "In these days of rampant egalitarianism our concern for an *elite* in science may be regarded by some as outmoded. But in science the best is infinitely more important than the second best. A country that ignores this or forgets it does so at its peril."

There is a strong case for the *elitist* view that we should be governed by the wise and public-spirited, rather than the stupid and self-interested. However, it is important to retain the emergency power (not allowed in Plato's ideal republic) of getting rid of the *elite* when they turn out not to be as wise or disinterested as they pretended. In spite of its bad name, *elitism* is natural and desirable in many human activities. Luckily, if you look closely and positively at any human being, you can find special qualities that make him or her a member of some *elite*.

Philip Howard

What's good for California is good for Cornwall...

A feature of the twentieth century has been the resurgence of the Celtic peoples, now that the unifying influence of the old governing class has broken down: one sees it in Ireland and Gaelic Scotland, Wales and Brittany, and even in my own "little land" of Cornwall. There is a residual feeling of Cornishness which pops up from time to time in the newspapers, with appeals to revive the old Stannary courts or "parliaments", attempts to float a currency, what not. And why not, indeed, our own stamps?

In Elizabethan days, Richard Carew tells us, the Cornish feeling that they had been conquered by the Saxons was still very much alive. And English people coming into our little land would find their questions answered, "Meen tumand, causea cennack" (I can't speak English).

I must say I feel much like that, marooned on my headland, with trippers flooding down the lane asking me the way to it, when there is (or was) a perfectly good signpost to direct them. Sometimes I pretend I speak only Cornish; sometimes that I am deaf and don't reply (in the churlish fashion of Carew's Cornish folk); sometimes I point to the signpost with "Can't read, I suppose?"—All exhibitions of Celtic humour, with a good deal in inverted commas which the English never hear. After all, one must amuse oneself, marooned on a headland, though I sometimes suspect that some clever folk come down my lane just to observe the tantrums.

I haven't a drop of English blood myself, but I do not go so far as an inter-war pupil of mine, half-Welsh, half-Cornish, at the time when Professor Saunders Lewis was trying to blow up the aerodrome on the Llyn Peninsula. My pupil wanted to blow up Salusbury Bridge, Brunel's masterpiece, which was then our chief link with the mainland. However, the young man married, and that settled his hash.

I have enough atavistic sympathy with Cornish nationalism to wish that we could loosen our subjection to the mainland sufficiently to enjoy a reasonable system of taxation. An historian knows that the English have always been the most taxable of nations, far too submissive to predatory incursions upon their freedom, the ludicrous and shocking extravagances of bureaucratic agencies, central and local. We must all rejoice that Cornwall has set up the standard of revolt from such lunacy.

Wouldn't it be nice if Cornwall could stop penal and wicked English taxation at the frontier, with a sensible five-pence in the pound, quite sufficient for all national purposes?—Only I fear we should have to mount machine-guns along the frontier to prevent the hordes of English, only too submissive (as Celts are not), fleeing from the flaming injustice they put up with in subjugation as to submerge us.

So my sympathies have to remain in the realm of fantasy—as when I used to assure the famous friend of Proust, Princess Blisness, who had a crik of Cornwall, that she would make a splendid *Madame la Présidente de la République Cornouaillaise*.

However, was it all fantasy, I wondered, when only the other day I came upon a passage in Dr Johnson putting the case of a measure of Cornish independence.

I do not know that that inveterate Englishman got as far as visiting Cornwall—though he penetrated into the Celtic highlands and the Western Isles. He must have known about Cornwall through Boswell who visited his friend Temple (ancestor of the archbishops Temple) at Penryn.

The passage occurs in the most famous of Johnson's political tracts, which happens to be on the subject of taxation, which had goaded the American colonies into claiming—and winning—their independence. Dr Johnson obviously thought that he was reducing the Americans to the absurd, a *reductio ad absurdum*, when he put to them the case of Cornwall.

"As political diseases are naturally contagious," the doctor said, "let it be supposed for a moment that Cornwall, seized with the Philadelphia frenzy [what about California today?] may resolve to separate itself and judge of its own rights in its own parliament. A congress then might meet at Truro, and address the other counties [we are not a mere English county but a Little Land of our own] in a style not unlike the language of the American patriots:

"We the delegates of the several towns and parishes of Cornwall hold it necessary to declare the resolutions which we think ourselves entitled to form by the unalienable rights of reasonable beings [in the manner of the American Dec-

laration of Rights], and into which we have been compelled by grievance and oppressions [Penal Taxation for one purpose] and to support English Bureaucracy, long endured by us in patient silence, because we hoped that others would in time find like ourselves their true interest [would that they would, like California!] and their original powers, and all cooperate to proper happiness...."

"Know then that you are no longer to consider Cornwall as an English county, visited by English laws and arguments, that we do not like it. While we are governed as we do not like, where is our liberty? We do not like taxes, we will therefore not be taxed. [Once before, in 1497, the Cornish raised a rebellion against English taxation. We do not like your laws, and will not obey them....]

"We shall form a Senate of our own, under a President whom the King [or Queen] shall nominate, by whose authority we will limit, by adjusting his salary to his

descent our language is a sufficient proof, which, not quite a century ago, was different from yours. Today it is being revived, taught and learnt."

"Such are the true Cornishmen. But who are you? Who but the unauthorized and lawless children of intruders, invaders and oppressors? [True enough: the incoming English from mud-swamps of North Germany and Teutonic forests pushed us into the recesses of our land.] In claiming independence we claim but little. We might require you to depart from a land which you possess by usurpation, and to restore all that you have taken from us."

"Independence is the gift of nature. No man is born the master of another. Every Cornishman is a free man, for we have never resigned the rights of humanity, and he only can be thought free who is not governed but by his own consent...."

"We look to the original of things. Our union with the English counties was either compelled by force, or settled by compact...."

"Against our present form of government, it shall stand in the place of all argument, that we do not like it. While we are governed as we do not like, where is our liberty? We do not like taxes, we will therefore not be taxed. [Once before, in 1497, the Cornish raised a rebellion against English taxation. We do not like your laws, and will not obey them....]

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merit. We will not withhold a proper share of contribution to the necessary expense of lawful government, but we will decide for ourselves what share is proper, what expense is necessary, and what government is lawful...."

"If any Cornishman shall refuse his name to this just and laudable association, he shall be rumoured from St Michael's Mount, or buried alive in a tin-mine. And if any Cornishman shall be found seducing Cornishmen to their former state, he shall be smeared with tar and rolled in feathers, and chased with dogs out of our dominions."

"From the Cornish Congress at Truro."

Dr Johnson thought all this was a joke, and that he had demonstrated that the argument of the American colonists was absurd—as he thought that he had demonstrated the absurdity of Bishop Berkeley's philosophical idealism and the reality of matter, by kicking a stone.

But in human affairs, history knows the absurd sometimes becomes the real. The Americans turned the joke against the Doctor by winning their independence. An old American fan of mine was in college with De Valera in New York; they all thought his Irish nationalism a joke, but the joke came true at last. And the funny thing here is that the English Doctor, without meaning to do so, wrote a very reasonable Declaration of Independence for the Cornish, who share the old Celtic sense of humour about the English.

A. L. Rowse



The independence of the Cornish: Brian Hambly, who recently drew on Stannary laws to resist court charges at St Austell of not having paid road tax.

A great deal of very little on the Riviera

When French friends and acquaintances learnt that we were going to Juan-les-Pins for our holidays they tended to look stony-faced and changed the subject. So many people went there that obviously nobody with any sense went there. We were politely pitied for our foolishness.

The French take their holidays very seriously indeed. They spend 35,000 francs on their summer break, an amount equivalent to a tenth of the national budget. The calendar breaks in two round the middle of the year when the population are either away or waiting to go away, or wishing they could go away.

Statistically—and nobody should ever underestimate the French ability to compile statistics—only 54 per cent of the population actually goes away. The remainder stay at home—four million because they cannot afford to take a break and the rest, presumably because

they cannot stand the journey or because they live in a resort already.

The journey must be a significant deterrent. The French holidaymaking population is divided into July people and August people, the July people tending to be fewer in number because August is considered the best month to be away. Most July people have a boss who takes his holiday in August.

On one terrible weekend a terrible rite known as "the crossover" occurs. All the July people going reluctantly home and the August people surging enthusiastically away are on the roads at the same time. Hotels along the way burst at the seams; lay-bys fill with campers; road jams are inevitable.

This year was not as bad as last. Statisticians armed with stop watches worked out that there were just 458,000 hours of traffic jam during this year's crossover, a 17 per cent reduction on the previous year despite a 5 per cent increase in the volume of traffic. There were around 15 million people on the roads all at once; the air traffic controllers had withdrawn their enthusiasm for work; there were gales and

storms over much of the country. The 46 per cent who stayed at home would seem to have been the sensible ones.

Statistically again, half the people going away go to the coast and are continuing to do so despite government threats and exhortations. The Government is anxious because so much of the coastline is built up and subject to pollution.

Half of France's coastline is already built up. In two areas—around Biarritz and along the Côte d'Azur—more than 90 per cent of the coastline is urbanized. It is therefore inevitable that what is left of the seaboard is densely populated by people anxious to tell their friends they spent their summer holiday on one of the most fashionable stretches of coast in the world.

Juan-les-Pins lies at the centre of the Côte d'Azur and has one of its relatively rare sandy beaches. My French friends had what they considered sound reasons for playing our foolishness in going there. Had they talked to me a bit more about it I might not have been so surprised by all the bare breasts when I got there.

Everyone knows that the

statistics. But it is less commonly known that toposunbathing is now accepted practice in the bucket and spade, ice cream and chips family atmosphere of resorts like Juan-les-Pins.

Topless girls are by now an established tourist attraction as far as the postcard sellers are concerned. Most shops sell shots of them alongside views of such other local scenes as the fort at Antibes or the monument at the place where Napoleon landed after his escape from Elba. But the novelty value is diminishing.

Although the latest fashion news from Saint Tropez is that toplessness is out, the trend on less chic beaches is growing and looks to be firmly established. It must be admitted that at the present it seems unlikely there will ever be a day when every woman on every beach goes topless but a holiday at Juan-les-Pins makes it difficult to swear to that.

There is logically no reason why what is acceptable now on the beaches of the Côte d'Azur should not one day become quite normal at Scarborough. The swimming costume, after

all, is not a garment designed to keep one warm. Pictures of a girl in a bikini could well look as historic to my grandchildren as the treasured family photo of grandmother in a knee-length Edwardian costume looks today.

While lacking official statistics I have the advantage of research being carried out by two American students with the aid

A barmaid in Juan-les-Pins, asked whether the service was included, replied: "The service is included, but the tip is at the discretion of the customer." The barmaid went tiptoe.

of a large scale map, binoculars and a pocket calculator. They were compiling what they chose to call a "treasure chest chart"—not for a thesis at their university, but out of personal interest. Their conclusion was that on average one woman in five was topless during the week and one in four during the weekends.

The French families with whom I discussed the subject

would have it that it was basically the foreigners who stripped off and it is certainly true that the Dutch were the most likely to wear a "monokini". German women, slightly more bashful, the Belgians appeared to be in two minds and only a few French girls I met on the beach were both topless and unashamed until they realized I was English. They were covered with embarrassment.

It is interesting to watch the mental battle going on inside the women as they realize they can take their tops off if they want to. Some sit gawping on the beach for days and then suddenly appear topless one morning. The result is they get sunburned on a sensitive part of the body if not careful. Others, seeing this, find the excuse they need to remain covered.

Young teenagers have a mental conflict. For years they have looked forward to being grown up and having to wear a topless. Then just as they are getting something to cover they find that fashion rules they only need wear the bottom

half. The result is the frequent sight of a little ten-year-old in a bikini playing on the beach with her mother, wearing only shorts.

The men too are in difficult. Husbands can be seen looking nervously at their wives wondering if they ought to tell them to cover up. They face the additional hazard of not knowing what else to say to their wives. It is rude to stare. It might even provoke a punch from a jealous husband.

Time will solve these problems. The youngsters already used to the beach accept toplessness quite naturally. The trend is growing and certain the treasure chest chart will be out of date by next year. As I gazed at the scene I was reminded of some lines reputedly written by an Army officer in West Africa during the last war: "Bosoms, bosoms bouncing bare, Down the bushtracks every-where. What I'd give to see one fair Damsel in a brassiere!"

Ian Murray



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EMPLOYMENT AND THE PARTIES

At night, speaking to the Bow up, Sir Keith Joseph made a philosophical statement about a future Conservative Government should deal with the problem of unemployment. From the poster advertisement campaign that the Conservative Party is conducting, it is clear that the record of employment under the present Government is to be a major factor of the coming election campaign.

It is measured tone obscured radical nature of the message he was attempting to communicate. In fact, as befits such a statement at such a time, it was an attack on the bankruptcy of the Government's policy to reduce unemployment. It was, however, an open attack on some of the present ideas held within its own party.

Entral to Sir Keith's message is that permanent jobs cannot be created by direct government action. Nor can they be long-termed by trade unions resistance. They "occur". They occur, however, when the private sector produces them in such a way that the market genuinely satisfies the demand and the process results in a profit to the successful entrepreneur. It is only when the market "cave" is thus increased that the economy as a whole can afford to create other non-productive jobs.

Home Secretary is on record as saying that the law on prevention of terrorism—passed within a few days of the Birmingham pub bombing in 1974—has resulted in a diminution of terrorist activities in the land. The police believe it so. So does Lord Shackleton, in his report into the operation of the 1976 Act (which replaced the 1974 one). It is clear. Exactly what conclusion the law has made is unambiguous and for that there have been calls for law to be abolished, on the grounds that any Act which so restricts civil liberties should only be permitted if it is proved positive that it is designed to achieve a specific aim. It is also undeniable that during a period of five years, an Act which was passed in an atmosphere of considerable tension, in circumstances approaching an emergency, should be regarded as a recent parliamentary achievement.

UT IN THE COLD AT GATWICK? throw, the main London airport, will be overflowing with air traffic by the year 1980-81, according to the latest Government estimates. It is difficult to see what alternative was open to the Department of Transport to the creation of some services to the airport at Gatwick, which is already at capacity, so the pressure at Heathrow is at least temporarily relieved. The Government has sought the crisis forward by its decision to send the plan of the new Heathrow Airport Authority to a public inquiry. If building it had gone ahead, the terminal would have been open in 1982 instead of 1984, and the 10-up of airlines at Gatwick would have been brought about in a more orderly way with longer periods for consultation.

and some members of the Labour Government would now accept this general analysis. Sir Keith, however, follows the logic of what he is saying into areas which challenge the spirit of the times.

Protection of domestic industry is rejected on the grounds that by removing import controls from the consumer, the only true spur to domestic efficiency is removed. Job creation programmes and work sharing are equally rejected because they respectively add to dead-weight public spending and increase unit labour costs. The route to a dynamic economy lies via creating a total, especially a tax, climate which is stimulating to the entrepreneur, and inducing the trade union movement to embrace, or at least to cease resisting, innovation and increased productivity.

In translating this general philosophical approach towards handling the economy into practical politics, an incoming Conservative administration would have to consider a number of questions that centre on timing and tactics. In the first place, it would be a mistake to create the impression that any action by an incoming government would produce dramatic changes overnight. The problems of the British economy are various and deep. Our relatively poor economic and industrial performance goes back over many decades, some might say to the beginning of this century. Such deep trends are not altered overnight.

Secretary, announced that since the coming into force of the legislation, 3,371 people have been detained, of which 145 have subsequently been charged with a wide variety of offences ranging from murder to non-payment of fines. On the surface, therefore, it might seem that a substantial trawl had netted only a few big fish. That conclusion would not necessarily be valid. Many of those who had not been charged may have given the police valuable information. The Act may also be acting as a deterrent.

It is difficult to see how the Act can be applied without there being an attendant derogation from the rights to which persons held under the normal criminal law are entitled. Lord Shackleton has done his best to try to minimize some of the more objectionable consequences of the Act's application in practice. There is a limit to how far that can be done without so watering down the Act as to nullify it.

For the time being, at least, continued trust must be placed in the opinion of the authorities who say that the Act is having some effect in combating terrorism. There is no evidence the other way, nor is it being suggested too strongly that the police are abusing the powers given to them. Nevertheless the operation of the Act must be carefully monitored, and scrutinized and debated by Parliament at regular intervals. It must not become a permanent part of our statute book through default or be nodded through year by year through apathy. The old Aliens Act is sufficient example of how easily hurried legislation, meant to be temporary and directed at a particular emergency, may become permanent and be used for a much wider purpose. The Prevention of Terrorism (Temporary Provisions) Acts were passed specifically with the IRA campaign in mind. Some of its provisions, however, are of wider scope, and do not refer to the Northern Ireland connexion. Care must be taken that the Act does not outlive the emergency for which it is intended, or stand to be used, without express parliamentary procedure, against a threat of a different kind.

Accepting that the transfer of some services is now necessary, the choice of those between London and the Iberian peninsula operated by British Airways, Iberia, and TAP seems to be a reasonable one. British Airways have sensibly accepted the move but the Spanish and the Portuguese are protesting strongly, alleging that they will lose inter-line traffic, that is, passengers transferring from one airline to another. It should be pointed out to them that Britain's flag carrier to South America, British Caledonian, is based at Gatwick, so that there may even be a gain in traffic from the Spanish and Portuguese-speaking countries of that continent. What the airlines are really frightened of losing is the indefinable prestige of flying into and out of Heathrow. But that consideration will diminish in importance as more

political outlook". As Richard Crossman wrote in 1939, M-O's great strength lay in its imaginative approach; but the counterpart to this was a good deal of subjectivity, and its observers were by no means characteristically objective. None of this detracts from the interest and value of the M-O material: it only means that the observers themselves must be observed with care.

Yours faithfully,
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Further, even in the narrow question of unemployment, the present dismal situation has been common to virtually the whole of the industrial world since 1973, with the possible exception of Japan. Unemployment is now over 10 million in the OECD area as a whole. Relative unemployment is effectively as high in the United States, where taxation is lower and entrepreneurs actively encouraged, as it is in the United Kingdom.

In specific policy terms Sir Keith's approach may need modification in two areas. The first is that, even if a Conservative government were to embrace the concept of a return to completely free collective bargaining as totally as he did himself last night, it would have to think clearly what its policy was to be in relation to wages in the public sector. It might wish that the public sector was smaller and move actively in that direction. Within a practical timescale, however, wage negotiation in the public sector will present a continuing political problem.

Allied to this is the general question of inflation. There is clearly a balance between the amount of tax cutting required to produce the economic and industrial incentives for which Sir Keith is looking, and the amount of tax cutting that is consistent with continuing to contain price rises. For an incoming Conservative government would certainly not inherit a situation where the trend of price increases was firmly downwards.

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airlines move their base of operations to Gatwick, as is bound to happen. In aviation terms, Heathrow and Gatwick are part of one big airport serving the metropolis. To make that concept work as far as the airline passenger is concerned, the links between the two places must be fast and efficient, which is not the case at the moment. The airports authority has had the initiative to start a helicopter link, but at £12 for the single journey, this hardly appeals to the bulk of passengers. The best hope lies in the Government continuing to give high priority to the completion of the M25 motorway section which is planned to run between Heathrow and Gatwick, and which will reduce the present journey time from one to the other from up to an hour and a half to 30 minutes.

of childhood infections due, for instance, to adenoviruses or various "croupy" viruses. It is often forgotten that the first confirmed case of Hongkong flu had already been notified in Hongkong in the early 1970s. It is a fact that in this as in all other outbreaks the diagnosis of whooping cough has been confirmed bacteriologically and clinically in many fully-vaccinated children. The true cause of the outbreak in England attributed to whooping cough have not all been confirmed. In Scotland, there are no deaths, in Glasgow none since 1970 in three outbreaks.

So the disease has changed, as infectious diseases do, to one which is now much milder though still in some locations highly infectious. The vaccine too has been changed very recently but there is no certainty about the effect of this change which is one of several in the past decade. In West Germany, where mass vaccination was terminated some years ago, it is a fact that whooping cough has continued to decrease in incidence and severity.

Granting aid to guerrilla groups

From the Reverend George Austin
Sir, Those who have sought to bring basic Christian insights to bear on the moral dilemma of whether or not to support the World Council of Churches in the making of grants to guerrilla movements have come to expect the obloquy which will now be heaped upon the Salvation Army following its brave decision to "suspend membership pending inquiries".

The Army will be charged with having embraced racist attitudes, of lacking concern for the poor and the outcast, of lacking the opportunity to be credible in the eyes of Black Africa, of denying the possibility of being relevant to the needs of suffering mankind. Such is the emotional "persuasion" which is used by supporters of the WCC Programme to Combat Racism against those who begin to doubt the wisdom or the ethical propriety of guerrilla grants. There is the persistent reminder that the purpose of the grants is solely humanitarian, and that surely the Army has the clear duty to serve the needs of friend and foe alike.

Since the Salvation Army of all Christian bodies has no need to doubt its commitment to the poor and underprivileged, perhaps we may at last see a real application of basic theological insights, unobscured by fears of "what people might think"—as if concern for one's image was ever something to which a Christian should give any priority.

I hope that the Army will examine, not the purpose of the grants, which may be proved to be "humanitarian", but the motive. And the motive is unquestionably political, that of the identification of the Churches with the political struggle of those racially oppressed. So-called whooping cough abhor racism have criticized the grants in the past on the grounds that the WCC has been too selective in its targets, reserving its condemnation for right wing governments and

white racism and being too uncritically sympathetic towards left wing regimes and the proponents of black racism. The validity of this criticism has already been denied by the WCC but it will find it much harder so to do in the future, since a grant to the Patriotic Front is clearly a choice in favour of violence rather than peace, extremism rather than moderation, terror and racism rather than cooperation and reconciliation.

Even those who have had their doubts about the WCC policy have been able to find "quite proper" that the Programme to Combat Racism is but a tiny fraction of the work of the Council and that wholehearted support can be given to much of its other work. The grant to the Patriotic Front however raises basic theological questions and it is to these that the Salvation Army must direct its inquiry: does the deliberate choice to support the men of violence, extremism and terrorism mean that the WCC can no longer claim, with any real justification, to be under the Lordship of Jesus Christ? If political considerations rather than Christian insights are now the first criterion in decision making, how far must this raise doubts about the work of the WCC in other fields?

Whatever the answer to these questions may prove to be, those who have any part to play in the decision making of all the member Churches of the WCC (and not only the Salvation Army) have surely a duty to press that they are given the most careful and painstaking consideration in the coming months. It is not the credibility and relevance of the Churches which is at stake but their reason of being.

Yours faithfully,
GEORGE AUSTIN,
The Vicarage,
19 High Road,
Bushey Heath,
Watford,
Hertfordshire,
August 23.

Electing the next Pope

From the Reverend George Reeves
Sir, I feel I must write and congratulate you on your editorial in this morning's issue (August 23), entitled "A papacy for these times".

The superior we look for in all walks of life is one who can distinguish between essentials and non-essentials; one who can govern firmly but with great understanding and discretion; who is sensitive to the attitudes of a changing world. How much more so do we look for, and pray for, these qualities in the awe inspiring office of the Head of the Church. We expect them to shine forth in our new Pope as they dominated the Pontificate of Paul VI.

May I end by quoting the end of your own editorial? "I do not compromise on the substance of doctrine or the responsibilities of his office, but who was flexible about the forms that substance and those responsibilities might take, would be a pope for these times."

For this we pray as the Cardinals today enter into the solemn conclave.
Yours sincerely,
GEORGE REEVES SJ,
Ave Maria,
8 The Green,
St Leonards-on-Sea,
Sussex,
August 23.

Local government reform

From the Leader of the Greater London Council
Sir, Oliver Stutchbury (*The Times*, August 23) is quite right. "Reform" of the structure of local government without straightening out the mess of its finance would merely be a sham, and an expensive one at that.

Let us be the Labour Party to keep on the limited "reform" now put forward? The answer cannot be far removed from the fact that local government is to all intents and purposes controlled by the Conservative Party. If it were not the "reforms" would be quickly scrapped, because all they seek to do is to give a degree of autonomy to various districts which, if isolated from the larger areas of which they form part, return permanent Labour majorities.

Mutiny in Kenyan army

From Sir David Hunt
Sir, In your admirable obituary of President Kenyatta (August 23) you refer to his decision to call for the Kenya army to suppress a mutiny in the Kenya army and to do so to say that "it is not entirely clear" whether he or President Nyerere of Tanzania was the first to take such action. In fact it was neither of them: it was Dr Milton Obote, then Prime Minister of Uganda.

The mutinies in the three East African armies took place in the order Tanzania, Uganda, Kenya, with a few days interval between each. Within a quarter of an hour of hearing of the mutiny at Jinja, Dr Obote telegraphed the Kenya Government and asked for British assistance to suppress it. He was a man of great decisiveness. Like your obituarist, I found this a bold action.

Menotti's 'The Consul'

From Mr Ralph Lewis
Sir, It was also with di-may that I read Professor Alwyn's letter yesterday (August 19) which is supposed to be a defence of *The Consul*. We are not, it seems, to attack Menotti's works because he is a selfless sponsor of good opera; a fact which has no more to do with the case than George III's domestic virtues have to do with his American policies. Southey once said of Hayley that "there is nothing bad about the man except his poetry"; but he didn't deduce that the poetry should not be attacked.

From Mr Patrick Wall, MP for Hatteridge (Conservative)

Sir, Having given much publicity to the progressive views of theologians and others who apparently wish to devolve the power of the next Pope in order to increase their own influence *The Times* is to be congratulated on coming out with an excellent and balanced editorial (August 23) on the election of the new Pope.

The extreme views are, on one hand, those who appear to want the chairman of a board of a lowest-common-denominator religion, which would certainly not be Catholic and, on the other hand, those who wish to return to the somewhat inflexible administrative and political policy of the years prior to the Second Vatican Council.

You advocate a middle course which I believe would have the support of the majority of Catholics. It is appreciated that fundamental doctrine has not, and cannot, change. However, the way in which it is administered can, and should, change to suit modern times. The Pope, being the Vicar of Christ, cannot be Catholic and, on the other hand, must give a firm lead on spiritual matters. This inevitably brings him into conflict with the progressives on such controversial subjects as intercommunion, divorce, contraception, abortion, married clergy, women priests, etc. which some would regard as social and others as spiritual issues. Yours faithfully,
PATRICK WALL,
Chairman Pro Fide Movement,
House of Commons.

Changes for party political gain

alone are devious to be sure, but such an outlook is what I have come to expect from the present Secretary of State for the Environment. Prevarication and dithering are among his specialties too. I have been waiting in vain for some answers from him on very pressing problems, but his only action to date has been to kill one of our ideas for extending home-ownership among council tenants, thus combining political bias with ineptitude. I therefore go further than Oliver Stutchbury: I dismember the Treasury by all means, but spare a little murderous energy for the Department of the Environment and its head.

Yours faithfully,
HORACE CUTLER,
County Hall, SE1,
August 24.

I asked to have the request in writing

Sir, I have read with interest the correspondence about bringing back the beaver. I feel that it is time to reveal that for the past four years we have had two male beavers living wild on a tributary of the River Axe in Devon.

The damage caused to young and mature trees has been considerable not to mention the persistent damming of ponds and lakes causing the water to flow over public highways, block weirs and change the course of streams.

Fortunately, they have not bred otherwise the resultant damage to trees on the property of my neighbours would have been considerable. I have been in legal action for financial loss, instead of being confined to a few good humoured telephone calls reporting trees felled across the river.

Despite repeated attempts to catch them they remain at liberty. So Mr. Brown is serious about his claim of having "a dozen people who could guarantee to catch them" (his letter to you of August 18) we would welcome his assistance.

I remain convinced from practical experience that to try and reintroduce the beaver into our lakes and rivers would be an ill founded and irresponsible action by a minority of well meaning misguided conservationists intent on recreating the Garden of Eden!

Yours faithfully,
W. J. D. TAYLOR, Managing Director,
Cricket St Thomas Wildlife Park,
Chard,
Somerset,
August 21.

LETTERS TO THE EDITOR

Taking a stand on terrorism

From Mrs I. F. S. Vincent
Sir, Professor Walker (August 24) and other correspondents urge that the British Government should take strong measures to make terrorism unprofitable. This is all right as far as it goes, but terrorism is international and needs an international response.

Arab attacks here and in Paris, IRA and German terrorist attacks in West Germany, have been widely reported. The latest large scale terrorist attack against the Nicaraguan Government again demonstrates the urgent need for governments and people world wide to reassess their attitudes and meet international terrorism with united counter-attacks.

Having experienced at first hand the tactics of terrorism as practised by the Sandinistas in Nicaragua and having seen how these tactics made use of terrorist resources in neighbouring countries, I suggest that what is required is an international anti-terrorist secretariat to coordinate the efforts of national governments, make use of the resources of experts in member countries and stimulate adequately positive counteractivity.

Such international anti-terrorist action is at least as necessary as international action in disaster relief and brings the developed and third world countries together in a matter of common survival.

Yours faithfully,
PATRICIA VINCENT,
Barkston Gardens, SW5,
August 24.

From Sir Michael Hadow

Sir, Louis Hare (August 23) is quite right. The Israelis should reconsider their request that their security men be allowed to carry arms outside the confines of their aircraft.

While there is something in the deterrent argument, experience has shown that terrorists are quite prepared to face a shoot-out. On the other hand, had there been such a thing as the Europe Hotel, things being what they are, it would have been the Israeli guards who would have been blamed in the first place for any injuries to innocent passengers, regardless of what subsequent ballistic tests might have shown.

One of the most telling arguments against HMG admitting a Palestinian presence in London some years ago was that this was liable to open

our capital to terrorist activities. This, alas, has now happened, though more in the form of Arab and Palestinian interference feuding. It was also argued against this that, even without a Palestinian presence, some Arab diplomatic missions would inevitably give aid and succour to terrorists with false documents, arms brought in through the diplomatic bag, operational advice and even asylum. So the absence of a Palestinian presence would not really affect matters either way.

In both questions, there is little advantage in those who are trying to stem and resist terrorism, entering into a public slanging match about responsibility. The answer is a maximum of cooperation, agreement and exchange of information behind the scenes.
Yours sincerely,
MICHAEL HADOW,
Queens House,
Kingham,
Norwich,
Norfolk,
August 23.

From Mr Robert J. Horowitz

Sir, Mr Louis Hare's piece on Arab terrorism in London streets (August 23) not only displays a singular lack of sympathy towards the innocent young El Al stewardess victim of a brutal, callous murder—but equates this dastardly crime with a catalogue of events which have occurred in the Middle East.

Indeed, Mr Hare even drags the Israeli Prime Minister into his saga, ironically on the day in which *The Times* "leader" justifiably praises the late President Jomo Kenyatta as one of Africa's "leading post-colonial statesmen".

As Englishmen, we are gravely concerned by the now frequent shootings that occur on London streets. While Scotland Yard's anti-terrorist squads provide better security than most other security forces—their task is not made easier by the presence in London of "offices" of known terrorist organizations. Diplomatic "bags", too, should be looked at if the sophisticated weaponry used at the Europa Hotel is to be prevented from entering this country. This will ensure that the streets of central London are again made more safe for Londoners, and peaceful visitors.

Yours faithfully,
ROBERT J. HOROWITZ,
84 Ossington Way,
Hamstead Garden Suburb, N2,
August 23.

Rates on listed buildings

From Mr Roger Bloomfield
Sir, We are architects engaged as planning and conservation consultants for a small historic town in the Home Counties. We have been investigating ways in which the rating system might be employed to encourage the full beneficial occupancy of the many empty or partially occupied buildings in the once totally thriving centre of the town.

As in numberless locally important cases in this country, many of the buildings have fallen through in the process of being listed as being of architectural and historic interest.

We are astonished to discover that vacant listed buildings everywhere are being sold through intended neglect, made easy by actual local authority inaction in the issue of repairs orders and encouraged by the fact that it costs nothing?

This problem directly affects thousands of good and useful buildings and, by extension, the beauty, life and prosperity of many large areas of our towns.
Yours faithfully,
ROGER BLOOMFIELD,
Rock Townsend,
5 Dryden Street, WC2,
August 17.

shares, as long as the purchases have been retained for 10 years or more. Of course there are the vagaries of fashion, and the dips brought about by economic crises, but usually their effect is short term. (August 22) I write as someone who has just made a five-year study of the art market in the course of preparing the history of a major auction house. As I see it, he makes two assertions which the facts certainly do not bear out.

From evidence of the past 35 years (one can, of course, go back further) there is virtually no sector of the art market—and I would include books and manuscripts as well—in which an investment would not have shown a capital appreciation at least as high, and usually very much higher, than any similar investment in the general run of stocks and

Secondly, the world's most successful art dealers are certainly the ones who have bought and still buy stock for the long term and not for immediate resale.

I worked on the railways. I would be delighted if part of my pension fund was invested in works of art.

Yours faithfully,
FRANK HERMANN,
West Bower, Hall,
Woodham Walter,
Maldon, Essex.

Wrong moves

From Mr R. Brain
Sir, Perhaps your Chess Correspondent should remind the contestants at Baguio of the reflections of Benjamin Franklin on chess, and particularly the advice "... every action of a word that is unkind, disrespectful or that in any way gives uneasiness, should be avoided..."

and, in particular, "... you should not sing, nor whistle, nor make any tapping with your feet on the floor, or with your fingers on the table, nor do anything that may distract his attention: for all these things displease, and they do not prove your skill in playing, but your craftiness and your rudeness."

But then the good Dr Franklin assumed that "... the immediate intention of both the parties... is to pass the time agreeably". So perhaps not.

Yours faithfully,
R. BRAIN,
4 Badminton,
Galsworthy Road,
Kington upon Thames,
Surrey,
August 21.

Approaching doom

From Mr T. P. Goldingham
Sir, On page one today (August 22) you report "One dead, 9 ill from weep stings"; on page three we read of a swarm of locusts 200 miles across; on page five, a braa constructor strangles a man; while on page 15, a deadly black spread is inexorably across Eastern Europe.

How much longer have we got? Yours faithfully,
T. P. GOLDINGHAM,
11 Furze Plain Road,
Maidenhead, Berks,
August 22.

THE TIMES

BUSINESS NEWS

Light aircraft industry takes off again, page 14

AINING tomorrow's LINDING, CIVIL INDUSTRIAL GINEERING

Britain's growth te boosted by Whitehall setting new base year

By Westlake
A stroke, Whitehall has decided Britain's economic growth over the past two years at 12 per cent. Instead of an average rate of about 1.7 per cent in 1976 and 1977, it now that the growth rate was 2.1 per cent a year, age.
The change has resulted from a change in the way national accounts are calculated. In order to measure the volume of the country's output of goods and services, government statisticians have decided to use a base year of 1975 instead of 1970. The result is that Britain's economic growth appears better than it did before.
The main reason for the change is the revaluation of costs and prices of Sea oil, production of which started in significant quantities towards the end of 1975. A second effect of the change has been a rise in a much better light, the growing production of North Sea oil, fuel fell by 17 per cent between 1975 and 1977, and this fall has a substantial impact when compared with 1975 prices.
The reason for this is the change in the volume of imports of goods and services between 1975 and 1977.

UK-China finance could reach £400m

By Christopher Wilkins
British banks are now negotiating trade finance with the Chinese which could total as much as US\$750m (£394.7m).
Last week it emerged that two separate deposit lines, totalling £200m, had been placed with the Bank of China by Lloyd's Bank, together with S. G. Warburg, and by Standard Chartered Bank. But it has now been found that significantly larger sums are under discussion, predominantly involving the clearing banks but also some merchant banks such as Kleinwort Benson.

Details are unlikely to be revealed for some time, since the second tranche of financing could take a different form from the £200m so far announced. These initial funds will be advanced in the form of deposits which can be drawn by the Chinese to finance export contracts with British suppliers. The deposit formula was specifically created to satisfy China's ideological distaste for conventional Western lines of credit, and to meet objections over documentation. Subsequent deals, however, are likely to conform much more to the familiar pattern with big export credits.
This means they are likely to be linked to particular projects and to involve conventional buyer credits backed by the Export Credits Guarantee Department. It would appear that the Chinese may be overcoming their dislike for finance that looks too much like a straight-forward loan.
The present negotiations seem to be largely exploratory since, if finance is to be linked to individual projects, completion will depend upon the conclusion of trade deals.
So far no specific deals have been concluded, although a number are under discussion, particularly in the mining field, after the recent visit to China by Mr Edmund Dell, Secretary for Trade.
The discussions with the banks reflect the new and more open policy on the part of the Chinese towards foreign trade and borrowing.
Until now, trade has been financed either by cash or deferred payments. Bankers have long been familiar with the technique of placing deposits with the Bank of China as a means of providing funds that did not actually look like loans. Chinese companies have been estimated to run at around £2,500m annually.

Report from the Committee of Public Accounts

Demand for open access to records

By Peter Hill

Two major state agencies responsible for handling huge sums of public money—the British National Oil Corporation and the National Enterprise Board—should be obliged to open their books to independent scrutiny, an all-party committee of MPs advocated yesterday. The Public Accounts Committee, the public's watchdog on government spending, in its latest report urged that the Comptroller and Auditor General should have "untrammelled access" to the two organisations' records and papers if parliamentary accountability of the way in which they operated was to be effective.
Mr Edward du Cann, the chairman of the committee, emphasised at a press conference yesterday that if the committee's recommendations were not accepted, it would be

"naturally very angry and would make a great fuss about it".

Underlying the restrained prose of the latest report is a major row between the MPs and the two organisations, together with their sponsoring ministries, the Department of Energy and the Department of Industry.
The report brings to an end one of the most thorough examinations of parliamentary accountability of two major state agencies. The committee has been disgruntled with the access accorded to the Comptroller and Auditor General in his inquiries, which form the basis of most of the committee's investigations.

Mr du Cann admitted that the issue was an extremely difficult one in which the commercial and entrepreneurial freedom accorded to the NEB, and the NIOC in particular, had to be reconciled with adequate and effective machinery to monitor

their operations in view of the very large sums of money involved.

Answering questions, Mr du Cann said that in the case of the NEB, the committee's inquiries were compromised by the lack of detailed, independent information, which meant that often the committee was "spraying the NEB with buckets in the form of questions".

"We are talking about a matter of principle but much more about good practice and the present situation is not satisfactory and in one respect is less satisfactory than it used to be".
Mr du Cann said that in the case of Rolls-Royce (now an NEB subsidiary), the arrangements for scrutiny were much less satisfactory than during the period before the company became part of the NEB.

Sir Douglas Hensley, the Comptroller and Auditor General, needed untrammelled

access to the NEB not only to carry through a normal financial audit but also a management audit.

If the taxpayer was putting up huge sums it was essential that Parliament should have detailed advice as to the way in which the money was being spent.
The committee noted that both the Industry Department and the NEB had said that any more detailed or closer accountability to Parliament would fundamentally change the intended relationships and possibly the effectiveness with which the NEB carried out its appointed role.

In evidence the Department of Industry and the NEB said that providing specific investment information would go further than the normal practice for a holding company.
"Eighth Report from the Committee of Public Accounts, House of Commons Paper 621, HMSO, £4.50.

Germany's mayors tax Bonn over cuts

It is now just four weeks since West Germany's Chancellor Helmut Schmidt outlined to the Bonn press corps the latest measures to stimulate the German economy.

The Chancellor was in a confident mood. His message was that the package—the tenth since the oil crisis of 1973—showed that the Social Democratic-Free Democrat coalition in Bonn was still capable of decisive action, and it was now up to those of Germany's trading partners represented at the Bonn summit to translate their promises into deeds.

After the press conference, the Chancellor departed for what is without doubt a well-deserved holiday. But in his absence it has become all too clear that Bonn may make proposals on economic policy, but does not necessarily have the power to put its plans into action.

One part of the latest West German economic measures has since run into serious difficulties. It is probably only a minor consolation to policy makers in the Federal capital, that the disputed tax cuts are scheduled to take place at the beginning of 1980, and was not therefore endgame. Herr Schmidt's summit pledge to boost demand next year by tax cuts and increased spending equivalent to roughly 1 per cent of gross national product.

The problem has arisen over the Government's plan to abolish payroll taxes. It is generally accepted that in an era of high unemployment there is little sense in levying a tax on salaries and wages paid by companies to their employees. But the revenues from the German payroll tax do not accrue to the Federal Government but to a limited number of local authorities, concentrated in the traditionally Social Democrat region of the Ruhr.

The usual August calm in Bonn has been interrupted by a barrage of complaints from the mayors of towns such as Dortmund and Duisburg for whom the planned abolition of payroll tax is a threat to city budgets already weakened as a result of recession in the steel industry and sluggish growth in other sectors of manufacturing.

These local worthies have found unexpected support from Christian Democrat mayors in other parts of the country, most of whom will be totally unaffected by the planned tax change.

The problem is sure to be solved sooner or later but it highlights once again the comparative weakness of the Federal Government in determining West Germany's economic policy.

Peter Norman in Brussels

Closer watch on Leyland urged

By Our Industrial Editor

A surprising allegation that the Department of Industry did not know until March 6 that British Leyland had to repay short-term bank loans at the end of that month is made in the committee's report.

At the same time, the committee complains that Parliament was not told by Mr Eric Varley, the Secretary of State for Industry, of the emergency loan of £275m to the National Enterprise Board to Leyland on March 22, until the day of issue. The committee says: "In our view this underlines the need for Parliament to be given adequate time to consider any new proposals for the issue of public funds to British Leyland."

department "were not clear about the amount of the short-term loans which British Leyland had to repay in March, 1978, and further information supplied to us suggests that it was substantially less than £275m".

Events surrounding the NEB and Leyland negotiations to finance the company's cash needs, and the sources of the money, are still shrouded in mystery. Sections of a memorandum submitted to the PAC by Sir Douglas Hensley the Comptroller and Auditor General, have been censured. The published memorandum as well as evidence given by civil servants to the committee contain "deletions". The actual sums involved in repayment of private sector loans have been expunged, too.

The PAC says it remains convinced that continuing public funding for Leyland can be justified only if improved productivity and production can be assured.

The committee notes that although Leyland's operations will be smaller than envisaged under the original Ryder report, the company's corporate plan does not provide for a matching cut in public financing.

Yesterday's report also reveals that the Department of Industry last year had found a corporate plan submitted by Rolls-Royce to be unsatisfactory.

A clearer idea of future Rolls-Royce engine development and spending is said to be unlikely to emerge until late this autumn.

Concern on letters of comfort

By Maurice Corina

The Treasury is being asked by the accounts committee to prepare a report on the use by government departments and related publicly owned enterprises of letters of comfort.

There is serious concern in Parliamentary circles that bankers, creditors, and suppliers of some important companies or subsidiaries with financial difficulties, may be misled into believing that letters represent legal guarantees.
MPs rarely learn of these highly confidential letters when used in relation to borrowings in the public sector or as support for the subsidiary companies of statutory bodies.

Letters of comfort are used in the private sector as an acknowledgment by a holding or parent company of the financial obligations assumed by its subsidiaries or associates. They are not intended to represent legal guarantees, rather to indicate the parent's willingness to consider seriously whether to meet those obligations if the subsidiary is unable to do so.

However, different problems arise in the case of government departments, or organisations ultimately subject to ministerial controls. They might be used to support technically insolvent enterprises, wriggling both around company law and, no less important, statutory limits on borrowings intended to be safeguarded by Parliament against imprudent financing.

The committee has conducted a preliminary enquiry, without giving names or examples. It was told that any comfort letters which may be issued "could be regarded as moral obligations but that they did not constitute legal guarantees".

ied meeting to heal rift r Lyons bid likely

er Wainwright

s were under way last arrange a meeting between Allied Breweries and its shareholders to heal the rift over Allied's bid Lyons.
The big shareholders, in some friendly to Allied, leaved to be disturbed by the row and are acting immediately. Many are in the damage already. Allied's City standing, exact form of the meeting, a truce has still to be called. Allied does not give the impression is willing to renounce deal which it believes leave it open to heavy s if it fails to press

d also points out that the Lyons is not like the Barclays Bank recently or Investment Trust Corp. In that case, it is

argued, it was a condition of the bid that shareholders should approve it.
No such condition was attached to the Lyons bid, but some institutions maintain that, whatever the present Stock Exchange rules or councils' opinions, Allied is venturing into new territory.
Last night the Allied camp was still doubting whether the pension funds, led by the case committee chaired by Mr Hugh Jenkins of the National Coal Board fund, would collect the 10 per cent of the votes in Allied needed to call a special shareholders' meeting.
The committee meets again today to see whether it has mustered enough support.
There is an impression that many institutions agree with the pension funds about the principle of consultation.
Financial Editor, page 14
Finding a balance, page 14

Pan Am access to 'adequate' resources for bid

From Frank Vogl

Washington, Aug. 24.—Pan American World Airways, which hovered on the verge of bankruptcy a year ago, now has "substantial assets in hand, and we have assurances of adequate resources being made available" to acquire National Airlines for almost \$300m (about £158m) according to Mr William T. Seawell, chairman of Pan Am.
He has offered \$35 per share in cash for all of the outstanding stock of National Airlines, and the board of National has yet to announce whether it will accept.
Should the deal go ahead, which Mr Seawell admits is far from certain, then Pan Am-National would rank second only to United Airlines as the largest non-government-owned airline in the world.
Pan Am's bid poses important policy questions for government authorities and, if they allow the takeover, the newly-formed company will almost certainly represent a more formidable challenge to both domestic and foreign airlines as well as probably leading to a confusing and complicated battle in the stock market.
Mr Seawell revealed that he had discussions with Mr L. E. Maytag, the chairman of National Airlines, early this year, which did not get very far.

BNOC criticized over forward oil transaction

By Our Industrial Correspondent

Costs of development of work on the steam generating heavy water reactor (SGHWR) commissioned four years ago and abandoned in January this year, amounted to £145m, with all the costs falling on the government.

This was revealed in the committee's report which said that when the decision was taken to develop a commercial SGHWR station it had been expected by the Department of Energy and

Apportioning reactor cost 'clearly unsatisfactory'

By Our Industrial Correspondent

Costs of development of work on the steam generating heavy water reactor (SGHWR) commissioned four years ago and abandoned in January this year, amounted to £145m, with all the costs falling on the government.

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Nuclear control review

By Our Industrial Correspondent

A review of the system of controlling British Nuclear Fuels and the radiochemical industry, but why owned subsidiaries of the Atomic Energy Authority is recommended by the committee.
Although they are incorporated under the Companies Act, the committee stresses both are wholly statutory Government-owned companies operating in the public sector with full Exchequer backing.
Possible dangers are visualized in maintaining a too rigid an arm's length relationship from Whitehall, as though the

two companies had full commercial independence.
The committee has previously criticized aspects of British Nuclear Fuels' dividend and borrowing policies. In the case of the Radiochemical Centre, the committee has uncovered the fact that the Department of Energy was kept in ignorance for months over negotiations to buy part of the Sellafield Corporation of America. This was in spite of the fact that £2m of public funds were involved.

Assurances have been given that the Department will be properly informed in the future.

Conservation pledge in Tory plan for energy

By Patricia Tisdall

New measures to save energy were recommended yesterday by Mr Tom King, the Conservative spokesman on energy. Among the recommendations made in a statement issued after a three-day meeting on Tory energy policy are measures to regulate the rate of depletion of North Sea oil.
The Conservatives say they will review the British National Oil Corporation in the light of the meeting's findings, to monitor reserves and production; to ensure the maximum economic

development of oil and gas fields and to enforce environmental safety and security standards.

If the review, which would start as soon as they took office, revealed that the goals can better be achieved by other means "we shall wind BNOC up", Mr King said. The recommendations also encompass what is described as a "detailed plan" for setting up a regulatory authority to safeguard Britain's North Sea interests.
The energy review says it recognizes that coal has an important part to play and should be properly supported.

American plea for bigger taxation cuts

Washington, Aug. 24.—American business economists today predicted that even with new tax cuts of \$16,000m the real rate of economic growth will slow to just two per cent next year and a further 1.7 per cent the following year, Frank Vogl writes. They also forecast that the United States unemployment rate will rise between now and the start of 1979 from 7.5 per cent to 8.5 per cent.

The Business Roundtable, one of the most respected groups of American business leaders, called for swift enactment by Congress of a \$25,000m tax cut. Mr Reginald Jones, one of the roundtable's co-chairmen, told the Senate finance committee that such a volume of tax cuts would do more than offset scheduled increases in taxes that take effect on January 1.

Money growth: American basic money supply M1 rose to a seasonally-adjusted average of \$354,900m in the week ended August 16, from \$353,900m the previous week. The broader money supply known as M2 increased to an average of \$852,200m in the week from \$852,100m a week earlier.

Chrysler plant halted

Production of Chrysler Alpine cars in Coventry stopped yesterday and 1,600 men were laid off because of a strike by about 85 millwrights.
The dispute followed a breakdown the previous day in the central water system.
Some flooding occurred and the millwrights demanded special fire footwear, according to some shop stewards.

Two of the millwrights were suspended for a day when they refused a management request to work normally, so the rest of the millwrights walked out.

House of Fraser

Interim Statement for the 26 weeks to 29th July, 1978

The unaudited results of the operations of the Group for the 26 weeks to 29th July 1978, excluding Associated Companies and Exceptional Items, are set out below with the comparative figures for the 26 weeks to 30th July 1977 and the audited figures for the 52 weeks to 28th January 1978.

	26 Weeks to 29th July 1978	26 Weeks to 30th July 1977	52 Weeks to 28th Jan 1978
Total Turnover	258,443	224,041	531,692
Less: Value Added Tax	17,122	14,459	38,742
Turnover (Excluding Value Added Tax)	239,321	209,582	492,950
Trading Profit	14,649	10,834	44,336
Less: Depreciation excl. Properties	2,982	2,334	4,876
Less: Interest Paid less Received	11,667	8,500	39,460
Less: Depreciation of Properties (See Note)	2,650	2,929	5,249
Operating Profit	9,017	5,571	34,211
Associated Companies: Share of Profits less Losses	790	—	1,497
Surplus on Sale of Properties and Investments	8,317	5,571	34,211
Profit Before Taxation	8,317	5,571	36,200
Taxation (52%)	4,325	2,897	17,991
Profit After Taxation	3,992	2,674	18,209
Preference Dividends	16	16	32
Attributable to Ordinary Shareholders	3,976	2,658	18,177
Earnings per Ordinary Share of 25p	3.27p	2.19p	14.96p

Note: Provision has now been made for Depreciation of Freehold and Long Leasehold Buildings in order to comply with Statement of Standard Accounting Practice No. 12. If a similar charge had been made in the corresponding period of last year it would have amounted to £500,000 thereby reducing the Operating Profit to £4,717,000.

No figures have been included in this Statement for David Evans & Company (Svalbard) Ltd. and Highland Tourist (Cairngorm Development) Ltd. which were acquired on 7th and 10th July, 1978 respectively.

No provision has been made in respect of the Profit-Linked Share Plan for Employees as the first allocation is dependent on the results for the current financial year.

The Share of Profits of Associated Companies and Surplus on Sale of Properties and Investments are dealt with only in the year-end Accounts.
The earnings per ordinary share have been calculated using the average number of Ordinary Shares in issue during the periods. For the 26 weeks to 29th July, 1978 the average number was 121,775,656 (1977—121,508,602).

Interim Dividend on Ordinary Shares
The Directors have declared an Interim Dividend on the Ordinary Shares on account of the 52 weeks ending 27th January, 1979 of 1.8865p per share (1.6894p) amounting to £2,332,123 (£2,052,693). The Dividend will be payable on 6th December, 1978 to Shareholders on the Register at the close of business on 27th October, 1978.

CHALLENGE CORPORATION LIMITED

Primary (unaudited) results for the year ended 30th June 1978

	1978	1977
JP TRADING INCOME (including dividends from Associated Companies) DISPOSAL OF SURPLUS	8,472	16,143
ITS ARISING FROM	3,113	3,520
SETS	11,585	19,663
Taxation	1,001	7,319
TRADING PROFIT	10,584	12,344
Amounts attributable to minority interests	29	35
JP INCOME AFTER TAX	10,555	12,319
Share of retained profits of Associated Companies (net of dividends received)	(208)	653
INCOME ATTRIBUTABLE TO GROUP	10,346	12,972
APPROPRIATIONS	1978	1977
Interference Dividend	165	165
Ordinary Dividend	1,383	1,253
at Ordinary Dividend	2,075	2,078
	3,458	3,613
Capital Reserves	2,229	4,310
	5,687	7,923
	£N24,959	£N25,149

Profits (cents) per £N21 Ordinary Share
Profits arising from disposal of surplus assets: 26.1 32.5
Profits arising from disposal of surplus assets: 37.4 45.3

The Directors recommend a final ordinary dividend of 7.5 pence, making a total of 12.5 pence (unchanged) payable on 25th October 1978 to shareholders registered on 6th October 1978. They also recommend that, after the payment of this dividend, there should be a 1-for-10 capitalisation issue from the revaluation reserve, and they expect to maintain the dividend on the increased capital. The Annual General Meeting will be held on 25th October 1978.

Commenting on the results the Chairman, Mr R. R. Trotter, said that the fall in net income had been cushioned by tax effects derived from the trading stock valuation adjustment in other sources.

He also stated that Wrightson NMA, the Group's largest subsidiary, improved its performance in the second half of year despite difficult climatic conditions, and achieved to increase in market share. The company benefited from amendments to the Money Lenders Act, which came into effect December and which resulted in it no longer providing funds at arms length; increases in certain other charges were imposed by the Commerce Commission in January. Overall the firm from the rural sector, though down on last year, were far than anticipated.

The Group's Finance Sector continued its strong performance, the profits of Challenge Finance increasing by 55 per cent and excellent results being achieved by Challenge Securities & South Pacific Credit Card Ltd. Returns from the manufacturing and engineering subsidiaries however were down on previous year and, in spite of a vigorous approach to a seller market for both new and used vehicles, the motor division produced unsatisfactory results.

Climatic conditions in the current year have so far been variable, and provisions in the June Budget affecting news, particularly the minimum prices for meat, have resulted in a significant improvement in farmer confidence and investment. It is hoped that some of the subsidies, which have been on and off in the past year, will show improvement even in present economic conditions.

Although the results for the year were disappointing the dividend is still well covered by earnings, and the Board therefore feels justified in recommending a 1-for-10 capitalisation which will result in an improved return to shareholders in the current year.

How the markets moved

The Times Index: 223.71—3.25
The FT Index: 509.3—9.9

Rises	Falls
Caffrains 6p to 112p	Anglo Am Coal 15p to 660p
Cond Gold Fields 5p to 185p	Ass Dairies 15p to 240p
E Diefenbrite 30p to 78p	Becham 10p to 710p
Guthrie 16p to 38p	Blue Circle Ind 10p to 28p
Hong K & Shang 10p to 35p	BP 14p to 902p
	J. Brown 10p to 460p
	Costain 71p to 22p
	Daily Mail Tst 10p to 33p
Kloof 16p to 612p	De La Rue 10p to 465p
Mills & Allen 5p to 185p	GI Portland 8p to 308p
Silvestra 7p to 87p	Spicer-Barco 10p to 168p
Traff & Arnold 7p to 162p	B Sonley 8p to 270p
Winkelsch 11p to 74p	Taylor Woodrow 16p to 432p
	Tunnel Hldgs B 10p to 290p
	Turner Newall 10p to 182p
	Unilever 10p to 578p

Equities fell back sharply.
Gilt edged securities marked time.
Dollar premium 95.75 per cent (effective rate 46.63 per cent).
Sterling was 40p to \$1.9310.
The effective exchange rate index was at 62.2.

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THE POUND

	Bank buys	Bank sells
Australia \$	1.74	1.68
Austria Sch	29.25	27.25
Belgium Fr	64.75	61.25
Canada \$	2.25	2.18
Denmark Kr	11.10	10.60
Finland Mark	4.25	4.14
France Fr	8.75	8.35
Germany Dm	4.05	3.83
Greece Dr	72.00	68.00
Italy Lr	8.30	8.10
Japan Yn	165.00	158.00
Netherlands Gld	395.00	370.00
Portugal Esc	10.55	10.08
Spain Ps	85.50	83.50
Switzerland Sfr	147.25	140.25
Sweden Kr	8.88	8.58
Switzerland Fr	3.38	3.16
US \$	1.97	1.91
Yugoslavia Dnr	40.75	38.00

Notes for small denomination banknotes only, as supplied by the Bank of England. Different rates apply to travellers' cheques and other foreign currency business.

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BY THE FINANCIAL EDITOR

Volume growth to come at Blue Circle

Profit-taking had the upper hand in the equity market and received added momentum when Blue Circle Industries, an index stock, produced some very disappointing interim results. Blue Circle's own shares ended the day 4.3 per cent down at 289p while the index, with all 30 stocks showing minus signs, closed 9.9 points down at 509.3, eroding all the gains of the past week. However, there were plenty of optimistic pointers for the second half in the statement accompanying Blue Circle Industries' figures, although, after a £1m fall to £21.3m at this stage, it will have to turn in a very spectacular second half indeed to match most earlier expectations of £53m plus for the year against £47.9m last time.

There were obvious adverse factors at home in the form of the Price Commission, which delayed price increases enough to cost £2.8m, bad weather in the first quarter and industrial disputes. Nevertheless, volume was maintained and parent company trading profits moved ahead by 15 per cent to £10.6m. Blue Circle is sticking to the view that there will be a volume increase in home deliveries for the first time in four years but its original figures of 3 per cent must now be in doubt.

The real problems arose overseas and are reflected in a dip of one third in overseas subsidiaries' profits to £2.6m and of £0.5m in associates to £9m. Nigerian operations were plagued by uncertain electricity supplies and delayed price increases while South Africa seems to have been unexpectedly weak.

The implication is that the decks are cleared for a strong run in the second half and Blue Circle is currently stocking up with that in view. Exports are expected to match the 960,000 tonnes, a 23 per cent increase, achieved in the first half. Nigeria should recover and the volume upturn should begin in the home market. But equally the medium-term view is becoming increasingly cloudy.

Blue Circle spoke of cement volumes up by 20 per cent by 1980 in its talks with the Price Commission, a figure that is looking more unlikely, and the next round of price increases may well present as many problems as the last.

Arguably on the basis of second half prospects the 13p drop in the share price yesterday to 289p may have been overdoing things, but the 4.9 per cent yield is no support and there is plenty of time to observe the autumn patterns of cement demand before plunging in.

House of Fraser

Strength in the provinces

House of Fraser's results continue to show that, far from ending up as a footnote in retailing history, the department store concept still has plenty of life left in it. Pre-tax profits in the 26 weeks to the end of July jumped by almost a half to £8.32m with a distinct quickening of pace in the second quarter as the upturn in consumer spending started to work through and the July sales did their job.

Moreover, with the added bonus of a fall in interest charges from £2.93m to £2.65m the outturn would have been even better but for the adoption of the new accounting standard on depreciation of buildings which has trimmed £700,000 from trading profits and will take a similar figure off the second half as well.

This time round it has been the provinces that have made the running with sales rising twice as fast as in London which of course benefited hugely from the Jubilee tourist boom last year. Overall sales growth in the first half was 13 per cent to £239m, excluding VAT, implying a volume gain of around 3 per cent. Gross margins, despite the continuing switch to higher value goods, were slightly disappointing but Fraser is still managing to keep a tighter rein on costs, which rose by less than 10 per cent in the first half, than some of its competitors like Debenhams appear to be able to do.

The second half is of course the crucial one for the group, accounting for upwards of four-fifths of profits. But the better weather and tax rebates has already got the third quarter off to a good start and forecasts for the full year have edged up to £42-44m against last year's £36.2m for a 43-44m against last year's £36.2m for a

pective p/e ratio of around 9 at 167p. This still looks cheap for the sector although after the substantial rerating in the past couple of years the 5 per cent yield is only par for the course.

These days, however, there is more to Fraser than trading results with the group uncomfortably poised in the event of Lomrho's bid for Suits, which has nearly 30 per cent of Fraser, succeeding. That speculative spice should, however, help to compensate for the expected slowdown in consumer spending later on this year or else next year.

Orme Developments

Weighing assets against earnings

Orme Developments is rejecting Comben's bid and has taken the line that it is essentially an opportunist move aimed at cashing in on its land bank and on a substantial earnings recovery at Orme. Supporting this first point Orme has produced some impressively large numbers showing a surplus on revaluation of 80 per cent of this land less tax of £6.74m to give net assets of £13.1m or 72.3p per share. That compares with the current value of the Comben bid of 55p and the Orme market price of 54p.

This is fair enough but the earnings picture looks a good deal weaker. Orme promises to increase its dividends by 30 per cent next year, earnings permitting, which admittedly gives a yield of 9.3 per cent on the Comben bid price. But the forecast 3.5p net payout compares with stated undiluted earnings of 3.33p last year even with the very low tax charge. Furthermore the exit p/e ratio on Comben's bid is 16.5 or double that on a full tax charge.

True enough, Orme's strong second half performance, which left profits down from £1.04m to £604,000, after a drop from £557,000 to £164,000 at half-time is indicative of the way the group is benefiting from the strength of the private house market at the moment. The growth this year could well be impressive. But increasingly the current boom is beginning to look like a short-lived phenomenon. The problem for shareholders is how substantial the earnings growth will be this year, how sustainable it is and what attraction there is in staying with Orme if Comben is driven off leaving Saint Piran in the driving seat.

Allied Breweries/Lyons

The question of compromise

Now that the battle lines are drawn between Allied Breweries and its institutional shareholders the only question remaining is whether face can be saved all round by means of a compromise. Other institutions — it is striking that so far only the pension funds have been pressing for an extraordinary meeting — are evidently concerned at the way events have developed and with good justification. On the present collision course nobody can win. The pension funds can almost certainly muster enough support to secure an extraordinary meeting, but, aside from registering their point, it is hard to see what more such a meeting can achieve than a general reiteration of whatever appears in the formal offer document.

Any intervention by the institutions to bring the two sides together would almost inevitably have to take the form of persuading Allied to drop its intransigent opposition to an extraordinary meeting, so it might look like an immediate victory for the pension funds. But by the same token there is not much doubt that Allied would win over-whelming support for the Lyons deal, so both sides should end up reasonably happy.

If there is no compromise, however, neither side will emerge with much credit. Allied would simply look arrogant and the institutions would be open to the criticism that, unless they came out much more strongly than they have so far against the deal, they had stirred up a lot of fuss over nothing. One positive achievement will remain either way, though. After Wilkinson Match/Alleghevy Ludlum, Barclays Bank/ITC and now Allied/Lyons, companies will increasingly feel inclined to consult their shareholders before taking important measures.

It will not have escaped the attention of the market that the institutional fund managers that the disagreement between the pension funds and Allied Breweries over Allied's bid for J. Lyons is occurring at a moment when the whole question of institutions' responsibilities is becoming a central one in the Wilson committee's investigations.

The institutions are well aware that an influential lobby is in favour of radical change in the way they are deployed. But the Allied dispute shows that the big funds no longer feel this is a sufficient answer.

They are having to acknowledge that the outside world increasingly thinks they have wider responsibilities to bear. This is because the sheer scale of the cash flows from them the single most important influence in the investment world.

According to the Stock Exchange, the savings institutions now own 10 per cent of ordinary shares. In value, they account for 60 per cent of stock market turnover. This year the inflows are expected to total around £8,000m and forecasts talk in terms of almost £20,000m by 1985.

It is not just left-wing and the extreme left-wing of the Labour Party who believe that external accountability must be a corollary of this kind of financial power. The Stock Exchange, for instance, in its recent submission to Wilson, called for more disclosure from the institutions so that the outside world could see that they functioned effectively.

Two new projects are under way which could help to pull the light aircraft sector of the British aircraft industry out of the doldrums. Both have their roots in the Isle of Wight where, almost 25 years ago, Desmond Norman and the late John Britten founded Britten-Norman, the company which developed the highly successful Islander and Trislander airliners, over 900 of which have been sold.

B-N has recently been taken over by Pilatus, of Switzerland, and neither the Britten nor the Norman families have a direct stake in the company any more.

The new projects are the NDN 1 Firecracker, a two-seater military trainer, and the Sheriff, a two or four-seater trainer or tourer.

The Sheriff was the brainchild of John Britten, and when he died suddenly at an early age last summer the design work for it was well advanced. When he was asked why the project was so named, he would point to the fact that most of the American light aircraft, which dominate the world market, are named after Red Indians. Britten was also Sheriff of the Isle of Wight just before his death.

Robin Britten, John's brother, had almost no connections with the world of aviation. His main business in the world of popular music. But he thought it tragic that his brother's work should gather dust in the design office drawer, and earlier this year he formed a company to take it forward.

Desmond Berryman, chief project engineer at Britten-Norman, and a number of other

Institutional investors: finding a balance between power and responsibility

'The institutions are having to acknowledge that the outside world increasingly thinks they have wider responsibilities to bear. This is because the sheer scale of their cash inflows has made them the single most important influence in the investment world'

"At present," the exchange said, "the pension funds are growing at a fast rate with, in modern terms, a less than adequate minimum standard of accountability to those whose funds they invest and little, if any, disclosure to the general public."

The manner in which the institutions have responded to the Allied bid suggests that they are more concerned to be seen publicly to be doing the right thing as shareholders than they are about the bid itself. The pension funds have not said they are against the bid, although some certainly do not like it. Their argument has primarily been that shareholders should be consulted at an extraordinary meeting.

In this respect their attitude echoes that seen on two other recent occasions. When Barclays Bank bid for Investment Trust Corporation the institutions protested about the way in which the deal was handled. But, at the extraordinary meeting called to consider the bid they duly voted it through with only a token protest.

In the case of the Wilkinson Match/Alleghevy Ludlum deal the institutions again proved willing to vote in favour once an independent adviser had been brought in and the proper forms of consultation had been observed.

The common feature in all these instances has been the desire of the institutions to be seen actively to be protecting the interests of shareholders. They seem to have accepted that in the absence of any small shareholder lobby the role of looking after the owners' interests has devolved firmly upon them.

This role is by no means an easy one to fulfil, however. Earlier this year the Institutional Shareholders' Committee, set up by the institutions in 1973 in response to an initiative from Lord O'Brien, then Governor of the Bank of England, announced that it was adopting a new policy to bring investors closer to management.

Instead of simply waiting to act until a member with a particular investment problem approached it, it would henceforth seek a more positive two-way line of communication. It would encourage active but confidential approaches by company directors to their institutional shareholders. It would even go so far as to offer its services in the selection of non-executive directors.

But even then the problems were apparent. A central

feature of company/shareholder relations is that no one shareholder should be given more information than is generally available to all shareholders.

Eliciting information which might in some way be construed as "insider" could therefore put the institutions in a difficult position. It could be doubly difficult if the information turned out to be sensitive for the share price.

If the institution subsequently dealt on the information it would be open to charges of insider trading. If it refrained from dealing, thereby forgoing a profit or permitting a loss, it could be charged with not fulfilling its responsibilities to its policyholders or pension fund members.

It is precisely to avoid this kind of dilemma that some institutions have been so anxious that consultation with Allied should take the form of an open meeting of all shareholders. In the Allied camp there is some puzzlement over what exactly such a meeting might discuss.

But it would at least satisfy the institutional desire to do the right thing by all shareholders. It would appear, in fact, that the institutions have no more found a satisfactory solution to

this kind of problem than they did to the earlier efforts by Lord O'Brien to bring them into closer contact with management.

The O'Brien initiative was the direct result of the Rolls-Royce and BSA collapse. It was widely felt that the problems of Rolls-Royce and others like it could have been averted early enough to be spotted if the owners of the business — predominantly the institutions — had been more immediately involved with management, possibly via direct boardroom representation.

Lord O'Brien set out to explore what mechanisms could be created to enable investors and managements to collaborate more closely, but institutions were profoundly worried by the implications. They took the view that their job was to invest in rather than manage companies. They felt that they lacked the skills to become more involved in the working of the companies whose shares they held.

If they were unhappy with the way it was run, they argued, their ultimate sanction was to sell the shares and their willingness to seek positive solutions was very limited. In the end the Shareholders' Protection Committee was set up as a sop to the Bank of England, but there was much doubt that Lord O'Brien's initiative had failed.

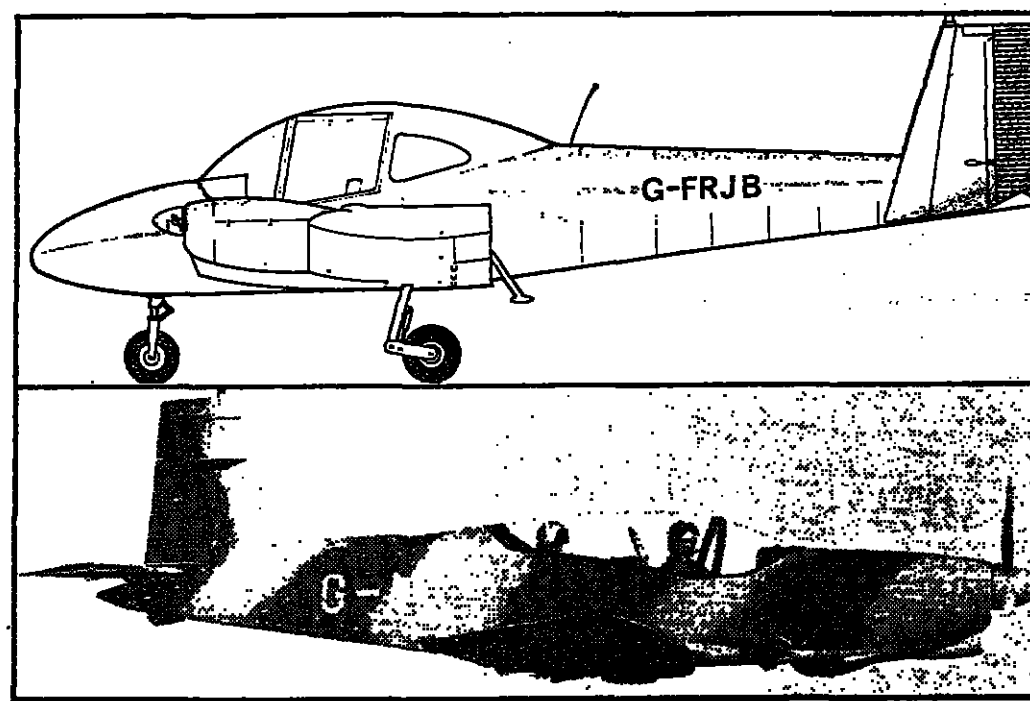
Today the climate is rather different. The pressure on the institutions is greater and so is their willingness to adapt. The signs of any real change in the thinking of most fund managers, however, was not strong. They want to respond in a constructive way to fight the political pressures pushing them towards the direction of their investment by outsiders.

But so far it would not seem that many have any clear idea of what their social responsibilities as shareholders really are.

Christopher Wilkins

Arthur Reed

The light aircraft industry takes off again



A scale drawing of the Sheriff (top) and a prototype Firecracker (below) in flight.

engineers from that company who had worked with John Britten and Desmond Norman on the development of the Islander/Trislander series, are providing the technical expertise, and the plan is to build and certify a prototype.

After that, the Sheriff will be offered as a technology "package", with designs, expertise, and after-sales support for companies. A potentially promising market is the Third World, where the "package" could be

used to set up the beginnings of aircraft industries.

Distribution outlets for the finished products will be established with existing aircraft sales companies, and here the goodwill established over the years by the name of Britten-Norman will be valuable.

Spoonair, based at Shoreham airport, Sussex, is one aircraft marketing company which has already shown great enthusiasm for the Sheriff. It is considering using the outlets, which it has already built up in 29 European countries for Eascom helicopters, to market the new aircraft.

Spoonair has given part of its stand at next month's Farnborough air show to Britten and his company and a model of the Sheriff, which has been wind-

tunnel tested by students at Bristol University, will be displayed there.

Finance for the Sheriff, which will cost £31,700 to buy in its basic two-seater form—£12,000 less than its nearest competitor—is coming from Robin Britten, his family, and friends, who have put in £100,000, and from outside investors who believe in the future of the light aviation industry in Britain.

Cost of the project up to certificate of airworthiness is estimated at £213,000, and around half has already been raised.

Robin Britten is sanguine about prospects for the aircraft. "We have wonderful potential of expertise behind the Sheriff," he says. "They are people who really want to be in the birth of a new aeroplane."

"I have been asked whether I am sure I want to be involved. The answer is that I am not, completely, but coming from a different background, I have a lot of marketing ideas from that background which I want to apply to aviation."

While the Sheriff remains an aeroplane on paper only at the moment, the Firecracker, the brainchild of Desmond Norman, has been flying for 12 months and is well advanced towards certificate of airworthiness. Trials from Norman's base at Goodwood aerodrome, Sussex. The prototype is due to take part in the flying display at the Farnborough air show early next month.

The test programme is going well, says Norman. "We have completed most of the handling and are about to embark on spinning trials. Performance is coming up to what was predicted, and there is a very high level of interest in the market."

Like the Sheriff, the Firecracker will not be built on an assembly line by the company which is developing it, but will be offered as a technology transfer package to companies wishing to set up an aerospace business, or to those wanting to expand existing production.

Meanwhile, at the Bembridge works of Britten-Norman—the company which has been their latest owners—Blanus, members of the Swiss Oerlikon-Bührle group, have for them. Pilatus announced at the end of July that they had taken the company over after Fairley Britten-Norman, its previous owner, had gone into receivership.

The Bembridge factory continues to receive four Islanders a month made at the Romanian state aircraft factory. All plans to build a new factory, which they intend to continue the line, improve sales and support, and begin work on new versions.

Business Diary: Port refuge in a storm • Soft sell

That old saying "Any port in a storm" would seem to apply to Graig Shipping. As over a dozen shipowners group these days, Graig has found the going anything but easy. Figuratively at least, it has sought solace in the bottle.

Losses in the year to last March amounted to £145m before tax credits. But the gloom has been partly relieved by a net dealing profit of £36,000 on that liquid beloved of our empire-building ancestors and still apparently popular today—vintage port.

However, negotiations over the two bulk carriers being built for Graig at a fixed cost in Japan—costing some 50 per cent less than the nearest British tender when ordered over two years ago—have evoked an outburst from Graig chairman, Desmond Williams, in the group's annual report.

In an attempt to obtain a moratorium on the bulk carriers Graigwen and Graiglynd (which according to the company suffers a number of faults in her construction), Williams visited Japan last March with plans which he hoped to present to Exim Bank.

"I regret to say I was not even allowed the courtesy of an interview with Exim... and the Japanese seem to be inflexible in their attitude towards helping their overseas customers when Japan is showing an enormous trade surplus."

"I cannot help feeling that such harsh treatment will be remembered by the shipping fraternity as a whole," Williams adds ominously,

"and will rebound on the Japanese in the future." If only they could sit and talk the whole thing over with a glass of, perhaps, port.

It's an ill wind and scattered showers that have brought soft drink manufacturers no good this summer. But at least one of them, Carters Soft Drinks, of Sawley, near Nottingham, has been able to offset the loss of home trade by driving up business in the Middle East.

The company is now selling a million bottles of pop a month in Saudi Arabia—worth about £100,000. It will soon start selling in Kuwait and is planning to put some fizz into the Yemen.

Donald English, Carters' managing director, says the wide-necked, rip-cap bottles, have contributed to the success. They are widely used as drinking glasses, vases and spice jars. The biggest seller in the Middle East is cherryade, made with more spice and three times as much sugar as the British version because of legislation banning the use of saccharine and out of deference to Arab taste.

For this reason Carters accepts that it is probably too sticky for the taste of British workers in the Middle East looking for an acceptable substitute for the proscribed alcohol.

Next month European Study Conferences is running a one-day meeting on the role of industrial safety representatives, legislation governing whom comes into force on October 1.

The meeting is described as a "practical workshop for management and unions" and was designed to offer both sides of industry an opportunity to



Workshop chairman Charles Simeons.

discuss how the new legislation can be made to work.

An impressive line-up of speakers, including Victor Munn of the Health and Safety Executive's Resources and Planning Division, Jack Beston union convener at Firestone Tyre and Rubber, and Roger Bibbings of the TUC's social insurance and industrial welfare department, has been arranged.

The financial success of the workshop is assured, but it looks like being a pretty one-sided affair. So far not a single potential union safety representative has registered for the meeting. All are management people—safety officers, personnel and industrial relations managers, company secretaries, legal advisers and the like.

Charles Simeons, an industrial consultant who is chairing the workshop, is mystified. "It seems either that unions have no appointed safety representatives, or that they do not know who to send, or that managements don't think it worthwhile sending representa-

tives along," says Simeons, a former Conservative MP for Luton.

At EES a person, this is obviously a possibility. But Simeons says it is in the employers' interest to ensure that employees acting as representatives are as well informed as possible.

European Study Conferences is writing to some 100 companies pointing this out.

Whatever benefits the EEC may or may not have conferred on its member countries, tourists, as they repair to holiday beaches and resorts, may be forgiven for concluding that the market has done little to smooth the passage of the European traveller.

A survey published in Brussels suggests that the presence of the EEC has made only a slight dent in the bureaucratic formalities and other restrictions and worries involved when crossing the frontier between one member state and the other.

Customs duties may have been abolished on trade between EEC states, but customs officers are as numerous as ever, this is because other taxes, such as VAT and excise duties, are still applied, at varying rates, throughout the Community.

All Community citizens over the age of 15 (17 in the United Kingdom) may, however, import duty-free 300 cigarettes and 1.5 litres of spirits and three litres of wine.

There is, of course, no such thing yet—despite the efforts of Roy Jenkins—as a universal European currency, so travellers should be prepared for changes and the like are still required, but only three EEC countries—France, Italy and

Britain—still impose physical curbs on currency exports. (A Briton may take abroad up to £100 in sterling or £500 in foreign currency.)

Passports and national frontier controls are still with us and likely to remain so. All EEC visitors to Britain, like other foreigners, are, in addition, required to fill in a special immigration form.

Clocks go backwards and forwards on different dates in different countries and in Germany and Denmark never move at all.

But car travellers in the EEC no longer need the green insurance card, and, armed with form E111 from your local Social Security office, you should be able to get free medical treatment anywhere in the Community or reimbursement on your return.

Despite being kept afloat for the past four years by the Bank of England's "lifeline" support fund, United Dominions Trust, our largest independent hire purchase group, has always had a liking for nautical metaphor. Three years ago, for instance, chairman Len Mather talking of the company, said: "Our ship is battered, but it is still afloat, and we are determined to sail with greater confidence through the rough seas." Now it appears, UDT feels sufficiently adventurous to have put to sea its company logo, a sailing boat, in a photograph occupying the front cover of the annual report. The surrounding sea still looks a bit choppy.

John Huxley

Looking Down-Under for new fishing grounds

Desmond Quigley

Harassed and ejected from some of its traditional fishing grounds—Isleland, the Barents Sea and off the Norwegian coast—Associated Fisheries, which operates Britain's biggest white fish fleet, has for several years been casting around for new trawling grounds.

One area it has moved into is the Great Australian Bight and if the venture is successful it could lead to the development of an Australian deep sea fishing industry.

Despite the fact that most of Australia's population lives around its vast coast line, there is no indigenous deep sea fishing industry. Of the 9,000 Australian vessels, only 13 are longer than 30 metres. This is partly the result of heavy concentration on the lucrative crustacea industry, the long distances between domestic market centres and a high wage economy which has traditionally made processing costs high. The white fish is imported, mainly from South Africa and sells at a price higher than that of a great.

The Australian venture is described by Associated's chairman, Mr Paul Tapscott, as "a bit of a blind hope". The group's involvement began in 1976 when it took 49.9 per cent of Southern Ocean Fish Processors. Last month it

raised its stake to 76 per cent, although the Australian Foreign Investment Review Board has reserved the right to order Associated to reduce its stake in line with the foreign investment rules at some time in the future if other Australian partners want to get in on the act.

Three trawlers and their sister freezer ships have been despatched from Northern Hemisphere waters to Australia—the first arrived late last year—and if the project is a success others will follow.

Southern Ocean has spent a lot of time in charting and surveying the fishing grounds. One problem it has uncovered is not that there are too few fish, but rather a multiplicity of species—in excess of 22. This has caused initial problems in the sorting and filleting of the fish at the processing plant at the old whaling station at Albany in Western Australia. Not only has it caused technical problems but additional ones for the labour

force which is having to learn new skills from scratch.

However, Southern Ocean is beginning to cope with the wide variety catch. Mr Desmond Quigley, the managing director, told me that he was in Western Australia, headquarters that so far some 60 per cent of the catch has been made up of four species while the remaining part of the haul has been high price fish.

In this first full year of operations with the three ships, the company is hoping to catch 10,000 tonnes of fish. At such a rate it should prove economical to process, the varieties of fish by freezing and storing the smaller catches until there is a sufficient quantity to process in an economical batch.

Australians are believed to eat twice the amount of fish which is shown in official statistics to be eaten in other countries. This is because there are a great number of amateur fishermen who take home their catch to the dining table. The potential market is therefore enormous.

Southern Ocean is going to retail market its white fish under the Birds Eye sign—the company's trademark. The fish will have been sold through supermarkets.

The company expects to be exporting as well, principally to Malaysia and Japan.

LETTERS TO THE EDITOR

balancing the worker director

Mr H. R. Semmence
The forces and institu-
the non-left (ie, the
of the nation) includ-
CBI and the Engineer-
Employers' Federation
and August 21)
of inventiveness that
only to the Labour
and TUC's version of
democracy is to
hysterically and then
nothing away?
quid pro quo ever seems
proposed let alone de-
But it is still not too
the industrial democracy
aim, then for every
director able to

attend and vote at a board
meeting let there be share-
holders' representatives—whose
election would be at least as
democratic as that of any union
official—able, legally, to attend
and vote at every meeting of
union officials from a given
company. In the case of the
nationalized industries, the
shareholders' representatives
would be lay (and non-union)
members of the long-suffering
public.

If such a scheme passed into
law, it might have an imme-
diate restraining effect on
those extremists who, by bend-
ing the union rules (if not
actually breaking them), cause
so much unjustified disruption
to all our lives. The proposal
has at least the merit of being
made part of the Tory man-
ifesto without being classed
as union-bashing—which, for
your information, Sir, many
non-violent and otherwise
normally apathetic citizens,
when unable to buy their usual
newspaper or having to walk
through the filth of our streets,
would dearly love to indulge in.
Yours faithfully,
H. R. SEMMENCE,
223 Ben Johnson House,
Barbican, EC2,
August 21.

ding new technology's st generation

Mr Alan A. Benjamin
Professor Colin New's
(August 11) was a
reminder to readers
priorities. A most
raging atmosphere is de-
ing in Britain now in
to the opportunities
from the potential of
electronics. For the first
for some years here is a
which suits the national
riment in innovation, en-
gling in and exporting
ably. In my own
ry—the computing ser-
sector involving systems,
re, data processing
ix, consultancy and main-
e organisations there is
much work of an origi-
d profitable nature being
with microprocessors and
cocomputers.

restructured to use the new
technology.
The impact on people is
short term and political. Long
term is not a phrase popular
with politicians. There should
be urgent and massive invest-
ment into education and train-
ing and especially retraining
our people, and a campaign to
enlighten people about the new
prospects.
Equally it is unavoidable
that not all people can be
retrained or reemployed as we
retreat from unprofitable and
declining industries which
offer no hope to their work
people.

This "lost generation" of
people must be the subject of
compassionate treatment, not
in any patronizing way, but in
a constructive attempt to allow
them to find ways of usefully
contributing to society through
creative leisure activity, social
work, public service or what-
ever means are used to create
useful human activity without
work.

The economy has to generate
the surplus to help to fund
this transition and the way to
do that is to embrace the new
technologies and work them
hard in the full interests of
the nation.
Yours faithfully,
ALAN A. BENJAMIN
Director General,
Computing Services Association,
Sth Floor,
Windsor House,
73/74 High Holborn
London, WC1V 6LE

It is absolutely essential that
employment dislocation and
which will be caused by
progress should receive
same priorities and the
or more investment and
ch. Professor New
has written about the
benefits of a strong
manufacturing capability

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progress should receive
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ch. Professor New
has written about the
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manufacturing capability

aining that keeps up with the times

Mr Knighton Berry
I would be interested to
from Ross Davies (Busi-
ness, August 8) how
first hand experience
of his scepticism about
ling our courses and con-
ferences. Why for exam-
ple he would not get to
drink and weak women
is money—or for that
a strong woman and
a drink? Training inevitably
has a foot in the past and

one in the future. At a time
when legislation, technology
and the expectations of in-
dividuals can run far faster than
the ability (or willingness) of
many organizations to cope
under their own steam, our
courses at a training agency is,
I think, exemplary. We have
consistently sought to live up
to *The Times* insignia: events
past are fully explained; the
future is anticipated better
than your closed book sug-
gests; and the present is our life-
blood, as it is yours.

We may not see as instru-
mental a future as Mr Davies
suggests in his enjoyable pas-
tiche but our style is often as
entertaining.
Yours etc,
KNIGHTON BERRY,
Course and Conference Depart-
ment,
Institute of Personnel Manage-
ment,
Central House,
Upper Woodin Place,
London WC14 0EX,
August 13.

ortgage of w house ortgages

Mr Roger Beard
This, of new houses are
a mortgage drought, and
number of new houses built
tend to drop, the latest
of Trade report from the
House-Builders
association claims.
Survey of 222 federation
members, representing 10 per
cent of the industry, shows a
decline in the availability
of mortgage funds for eligible
houses.
Roger Humber, the feder-
ation's deputy director com-
ing on the findings last
said: "The problem
from the government
ures last March to restrict
sages. We have found
s in the granting of mort-
on new property now
up to 12 weeks.
This must mean house-
ers will make fewer house-
starts towards the end of
er while they are waiting
those they have already
to sell.
In the half the builders
donated reported mortgages
harder to come by, and
er cent complained of the
sling delay between the
sage application and the
tion money.
His specific criticisms of the
White Paper proposals relate
to what he describes as "ambiva-
lent references" to possible
forms of accredited worker
representation by "homogenous

Industrial democracy proposals attacked

By Patricia Tisdall
Management Correspondent
A vigorous attack on the
Government's proposals on
industrial democracy was made
yesterday by Mr David Bassett,
general secretary of the General
and Municipal Workers Union
and chairman of the Trades
Union Congress.
Writing in the latest issue of
Commerce International, the
journal of the London Chamber
of Commerce and Industry, Mr
Bassett says that the proposals
could lead to the formation of
"counter-unions" made up of
groups of employees who do
not belong to a recognized
union.
Bassett also takes issue
with the view that the only way
forwards towards industrial
democracy is through worker
representation on the board.
He finds this policy restrictive
to deal with the employer at
the level at which planning
decisions are actually made—
at board or company level, not
just at national level.
Second, he says, the law on
disclosure of information needs
to be much tighter and relate
to financial performance, in-
vestment plans, manpower
plans and other strategic de-
cisions.
He concludes that employees
wishing to have a say in the
running of their company
should join a union. "That has
always been the basis for ex-
tending worker influence and it
remains so today."

groups of employees" who are
not trade unionists.
This, he says, would cut
across established forms of col-
lective bargaining and create
division and conflict in the
workforce which would have
two channels of representation.
Management, the Government
and the media should accept
that any system of industrial
democracy that was based on
a trade union organization
would simply be divisive and
cause chaos.
The trade union movement's
demand to be the sole basis of
any system of employee rep-
resentation is likely to be raised
at the forthcoming TUC con-
ference, which Mr Bassett will
chair.
Among developments which
he believes are necessary to im-
prove unions' effectiveness is
the establishment of machinery
to deal with the employer at
the level at which planning
decisions are actually made—
at board or company level, not
just at national level.
Second, he says, the law on
disclosure of information needs
to be much tighter and relate
to financial performance, in-
vestment plans, manpower
plans and other strategic de-
cisions.
He concludes that employees
wishing to have a say in the
running of their company
should join a union. "That has
always been the basis for ex-
tending worker influence and it
remains so today."

FINANCIAL NEWS AND MARKET REPORTS

Stock markets

Sharp setback ends two-month equity rally

The recent good run in the
equity market, which took
prices to a 10-month high ear-
lier this week, lost its momentum
yesterday as shares tumbled
back in front of the holiday
weekend.
Disappointingly poor re-
sults from Blue Circle Indus-
tries and profit taking at BP
gave double figures losses to
these two index stocks and the
FT Ordinary share index, by
the close, was 9.5 lower at 509.3.
However, market sentiment
is generally continuing firm

500,000 holding. The shares fell
13p to 240p.
The gilt market had one of
its quietest sessions for a while
with no features at all to en-
liven the picture. Across the
board, stocks ended as they
started, unchanged on the day.
Among the leaders 10p falls
were recorded by Unilever at
578p, Besciam at 710p and
John Brown at 460p, while ICI
at 400p and Tubes at 426p shed
8p. Pilkington, after its recent
sharp rise, fell 7p to 630p while
Glaxo at 625p lost a similar
amount and GKN at 288p, Rank
Organisation at 276p and Ves-
per at 223p eased 5p or 6p.

In fairly active trade Blue
Circle tumbled 13p to 359p tak-
ing Tunnel 10p lower to 250p,
and Rugby 4p down at 86p.

In stores House of Fraser
eased 3p to 167p despite better
than expected figures, while 3p
losses left Marks & Spencer at
88p, and British Home Stores
at 211p.
Elsewhere trading news had
a mixed effect. More than
troubled profits helped Smith
Wallis at 80p go 13p ahead at
one stage, while Allied Insula-
tors at 70p, Sedgewick Forbes
at 465p, Aeronautilus & General
at 80p and Newarthill at 158p
lost up to 7p.

Victor Products continued to
benefit from its recent bumper
profits package adding 12p to
443p.
Speculation of a 10-for-one
take over for Guthrie pushed
the equity to 388p before profit
taking clipped the gain back to
16p at 388p, while tipped suitor

Latest results

Company	Sales	Profits	Earnings	Div	Pay	Year's
	£m	£m	per share	pence	date	total
Allied Insul (I)	9,316.3	0,600.69	—	1,631.51	7/10	—
Aeronautilus & Gen (F)	2,872.86	0,287.28	8,846.15	2,551.28	—	2,551.28
Blue Circle	198.0177.3	12.010.8	—	3,222.88	16/10	—
BP	1,411.3	0,131.19	—	1,011.0	—	—
File Forge (I)	3,821.1	0,201.19	—	0,810.7	2/10	—
House of Fraser (I)	2,564.224.0	8,315.51	3,252.19	1,811.6	6/12	—
LEC Mering (I)	72.5178.2	0,391.07	—	1,010.9	14/10	—
Newarthill	1,111.9	4,617.81	—	—	—	—
Rights & Iss Inv (I)	0,061.05	0,051.05	—	1,011.0	9/10	—
Smith Wallis (F)	2,011.71	3,341.10	16,213.1	2,412.0	17/10	3,413.0
Sunbeam Wolsey (I)	1,111.9	0,191.07	—	0,910.86	5/10	—
Thames Tideway (F)	2,411.4	6,385.57	—	1,251.13	13/10	2,011.81

Tough going but Lec manages 14pc rise

By Rosemary Unsworth
Lec Refrigeration succeeded
in pushing up pre-tax profits by
14 per cent to £997,000 in the
six months to June 30 1978,
despite fierce competition from
other manufacturers and poor
summer sales because of bad
weather.
Group turnover went up to
£15.4m from £14m after the
group joined in high street
price cutting, but its share
of the market to 18 per cent
from 15 during the same period
last year.

Mr Donald Durrant, the com-
pany secretary, said the results
were "not entirely satisfactory,
but in the light of the intense
competition since last autumn,
the group was quite pleased."
The share price remained un-
changed at 80p.
Exports to Nigeria and the
United States also improved
during the first half but sales
to the Middle East, previously
a big export market, were down
slightly.
An interim dividend of 1.56p
gross has been declared against
1.45p last year.

Stafflex Int gives sale details

By Michael Clark
Stafflex International, the
textile group, is going
ahead with its plans to sell
three of its overseas operations
and has sent a letter to share-
holders giving details.
The group intends to sell its Far
East interests to its Japanese part-
ner—Dai Nippon—and to
sell Stafflex (Africa) to South
African Canvas.
In the last of the deals
Stafflex is at present having
talks with DRJ Industries
Europe regarding the sale of
its French and Italian interlin-
ing companies.

Drop of 40pc knocks Newarthill shares

By Ray Maughan
Newarthill, the holding com-
pany for the Sir Robert
McAlpine & Sons construction
operations, yesterday disclosed
a 40 per cent drop in interim
pre-tax profits to £4.65m. The
board, however, had given
repeated warnings that its
profits for the end-October
next would be down.
The incidence of contract
completions and final settle-
ments on the Brent C and
Cormorant A North Sea oil
platforms inflated the results
for the previous period arti-
ficially and the performance
in the current year was always

going to look drab by com-
parison.
Such a switchback is always
likely from a construction com-
pany and stands to remain that
way until the industry finally
accepts the disciplines of SSAP
9. But the market chose to
ignore the earlier message
from chairman Mr Tom Grieve
and clipped the shares back by
70p to 158p.
The point now, of course, is
whether the rate of order
intake is about to pick up. The
board, which was unavailable
for comment yesterday, indi-
cates that hopes of an imme-
diate upturn would be
premature.

Allied Ins dips 14pc

A rise of 20 per cent in UK
"real" exchange rates has been
blamed for the continuing slide
in profits at Allied Insulators.
Interim figures of the Stoke-
on-Trent based group show pre-
tax profits for the six months to
June 30, dropping 14.2 per cent
to £605,000 on turnover up by
47.4 per cent to £9.22m.
However, commenting on the
figures Mr Alan Lloyd, chief
executive, said the second half
had opened with higher order books
but these will include a full

six months of its recent acqui-
sition Blakey's (Malleable Cast-
ings), which made a forecast
of pre-tax profits of about
£365,000 for its full year.
Shareholders receive an in-
terim dividend of 2.46p gross
an increase of 0.19p over the
corresponding period.
With over 40 per cent of the
group's turnover accounting for
direct exports and another
very high proportion of sales
shipped with indirect exports
it has felt the pinch from in-
creased overseas competition.

Dividend boost to Sedgwick Forbes

Sedgwick Forbes, the insur-
ance broker, hopes to take ad-
vantage of the flexibility
allowed under the current di-
vidend control legislation to pay
more than a 10 per cent in-
crease in dividends at the year
end. However, 1977 will be its
base date if it is able to use the
new legislation.
An interim dividend of 5.96p
gross has been declared, and
the board believes 1978 results
will be satisfactory in the
light of current conditions.
Chairman, Mr Peter Wright,
stressed that there was no sign
of the hoped-for turnaround
in economic conditions in any
of the major areas of the world
from which we derive our busi-
ness.

Comalco setback

Comalco, the Australian
aluminium producer, predicts
that 1978 profits will continue
to fall against last year after
interim net profit dropped by
nine per cent to \$18.4m
(\$10.8m) in the first six
months.
The company, which is 32 per
cent effectively owned by Rio
Tinto-Zinc, says that its earlier
prediction that profit will fall
short of the 1977 figure is still
realistic. This is due to uncer-
ainties including the likely

weaknesses of major industrial-
ised countries' economies, and
the threat to Australia's com-
petitive position from concou-
ring industrial unrest.
Equity in profits of associated
companies also showed a reduc-
tion due to their lower earnings,
and bauxite production dropped
by more than a million tonnes to
4.1m compared with the same
period last year.
An interim dividend of 4.5c
against 5c has been declared.

CAPITAL SPENDING

The following are the figures
published yesterday by the
Department of Industry for the
fixed capital expenditure of
manufacturing, distributing, ser-
vice and shipping industries: a
year-on-year seasonally
adjusted at 1970 prices.

	£m	£m
	Total	Mfg
1975	7,929	3,522
1976	7,601	3,345
1977	8,296	3,573
1975 Q1	2,076	942
Q2	2,027	901
Q3	1,957	850
Q4	1,868	839
1976 Q1	1,840	819
Q2	1,854	828
Q3	1,975	849
Q4	1,932	856
1977 Q1	1,988	851
Q2	2,024	879
Q3	2,111	910
Q4	2,174	932
1978 Q1	2,156	920
Q2p	2,190	979

p provisional

GROSS DOMESTIC PRODUCT

At constant prices, 1975=100. For
purposes of comparison the figures
estimated at 1970 prices—revalued to
the new estimates.

	Exp	Income	Output	Avg
	(103.3)	(103.2)	(103.1)	(103.3)
1973	102.4	103.0	103.8	103.4
1974	102.0	102.8	102.0	101.7
1975	100.0	100.0	100.0	100.0
1976	103.6	103.0	102.2	102.9
1977	103.1	102.9	101.2	102.3
1978	104.7	104.8	104.8	104.8

JK seeking £100m Soviet order

British company hopes to
be in the running for a £100m
order from the Soviet Union
industrial gas turbines, it
announced yesterday.
John Brown Engineering of
Leban, near Glasgow, has
two previous smaller orders
for similar equipment from the
Soviet Union.
The news was disclosed when
Gregor Mackenzie, the Min-
ister of State for the Scottish
Countryside, visited the factory.
It was also announced that
the company is hoping for a
£100m order from an unnamed
Eastern communist country
in two months.

In brief

building orders received by
Japanese yards in the first
seven months of this year fell
62 per cent to £31,000 gross
from last year. The Japan-
ese Shipbuilding Rationaliza-
tion Council has recommended a
35 per cent cut in capacity.

Ford sit-in ends

About 250 hourly-paid work-
ers in the press shop at Ford's
car plant, Halewood, Liverpool,
staged a five-hour sit-in from
the start of the morning shift
yesterday and then walked out
at lunchtime. They were pro-
testing a verbal warning given
by management on Wednes-
day to eight men on one
line over work standards.
Following joint talks the com-
pany agreed to review the
position and there will be a full

BP to drill new well

British Petroleum is to drill
a further appraisal well to
assess the potential of its West
Shetland oil strike in the North
Sea.
As operator for its partners
Chevron and ICI, it said yester-
day that it was suspending
operations on well 206/8-2,
about 35 miles west of Shetland,
and the Sea Conquest drilling
rig was moving to another site
about three kilometres north-
east of its original discovery
well.

Trafford plant closing

Trafford Carparts of Manches-
ter is to close its kraft paper
products factory at Rishton,
near Blackburn, with the loss
of 70 jobs. The plant makes
telephone cable insulating yarn,
mostly for export within
Europe. Advancing technology
had cut demand, the company
said.

Business appointments

Deputy chairman
for Rowntree
Mackintosh
Mr Kenneth Dixon has become
deputy chairman of Rowntree
Mackintosh from October 19
on the retirement as a director of
Mr Albert Norton. Mr D. B. Bowden
and Mr J. W. Copley will join
the board from November 1. Mr
Bowden becoming group finance
director in succession to Mr J. L.
Mackintosh on January 1. Mr
Norton becomes chairman of the
United Kingdom confectionery
division in succession to
K. H. M. Dixon from January 1.
Mr Mackintosh is to be
director responsible for group
engineering research and devel-
opment policy from September 1,
and Mr T. Copley is to be chair-
man of the overseas division in
succession to Mr Mackintosh from
January 1.
Mr Horace Johnson becomes sales
director of Erico Engineering.
Mr R. P. Eagleton is now
marketing director of MDS Data
Processing.

RFD Group Limited

Growth Confirmed With Another Record Year

- *Turnover up from £15.97m to £18.74m
- *Pre-tax profit up from £3.15m to £3.45m
- *Dividend of 1.5959p per share, net, covered 10.8 times
- *The Chairman Mr. D. R. B. Mynors states that "it was a year of great activity in consolidating the group and laying a foundation for further growth in the years ahead"

RFD Group manufactures inflatable life saving
equipment, parachutes, gunnery training
simulators and industrial safety equipment. It also
processes, weaves and finishes synthetic and fine
cotton fabrics and fibres.

Copies of the 1978 Annual Report and Accounts
are available from the Secretary, RFD Group Limited,
Cottrell Lane, Gillingham, Surrey, GU7 1LL.

BELL'S
SCOTCH WHISKY
More ye go

§ Forward bargains are permitted on two previous days.

1

